

## Hoa Sen Group JSC (HSX: HSG)

### Domestic demand stimulates the growth

- 3Q25: Net profit (NP) stayed flat yoy driven by growth of domestic and inline with our forecast. In 9M/25, HSG reported NP of VND647bn (-7% yoy, fulfilling 74% of our FY25F forecast.
- Thanks to the positive outlook of domestic demand, we expect FY25-26F NP will record VND948/1,244bn (+86%/31% yoy). The surge of NP supported by domestic volume and gross profit margin climb.
- We recommend ADD for HSG with the target price of VND 23,000/share.

### 3Q25: NP remained flat as the decrease of export market offset by domestic consumption recovery

In 3Q24, revenue decline 12% yoy to VND9,502bn because the decrease of price offset growth of volume. In term of volume, HSG reported total 472 thousand tons (-5% yoy) mainly thanks to domestic demand (20% yoy) while price fall 6% yoy. However, GPM rise 0.5% pts yoy to reach 12.8% driven by the decrease of input material more than price. Moreover, financial expense dropped 6% yoy due to lower pressure of loss in foreign exchange. Overall, despite of the sharp decline of revenue was offset by rise of GPM, net profit remained unchanged to report VND274bn.

### Revising up 2025 NP forecast due to widen GPM, post-adjustment 2025-26 NP may rise 96%/31% yoy thanks to strong domestic market

We adjust 2025-26 revenue by -13%/-16% as compared to latest forecast due to (1) revise down total volume 3%/5% due to sluggish demand in export market and (2) revise down price of domestic (4%/7% yoy) and export (9%/11% yoy). However, we revise up 2025-26 GPM by 1.7%/1.8% pts to reach 12.9%/13.6% (+1.9%/0.7% pts yoy) as the rise of HDG would be more than HRC price. We revise down financial expense due to lower level of interest rate and HSG reduced debt. Furthermore, we lower 2025-26 selling expense by 2%/8% thanks to cooled down transportation cost. In conclusion, in 2025, we revise up our NP forecast by 9% to VND948bn (+86% yoy). In 2026, we revise down NP by 6% to VND1,244bn (+31% yoy).

### Recommend ADD with the target price of VND 23,000/share

The target price based on equal weighting of FCFF and P/B method (WACC: 11.6%), representing 24% upside. We believe it is the suitable time to accumulate HSG for the recovery of steel cycle, in which HSG could be the beneficiary from the steel price rebound, increase market share of HDG and widen GPM.

| Financial metrics | Dec-23 | Dec-24 | Dec-25 | Dec-26 |
|-------------------|--------|--------|--------|--------|
| Net revenue       | 31,651 | 39,272 | 39,950 | 43,054 |
| Net profit        | 30     | 510    | 948    | 1,244  |
| Revenue growth    | -36%   | 24%    | 2%     | 8%     |
| Net profit growth | -88%   | 1600%  | 86%    | 31%    |
| GPM               | 10%    | 11%    | 13%    | 14%    |
| EBITDA            | 4%     | 4%     | 5%     | 6%     |
| ROAE              | 0.3%   | 4.7%   | 7.8%   | 9.3%   |
| ROAA              | 0.2%   | 2.6%   | 4.6%   | 5.7%   |
| EPS (VND/share)   | 49     | 828    | 1,501  | 1,832  |
| BVPS (VND/share)  | 17,475 | 17,687 | 18,853 | 18,888 |

Source: HSG, MBS Research forecast

**ADD**

**Target price**

**VND 23,000**

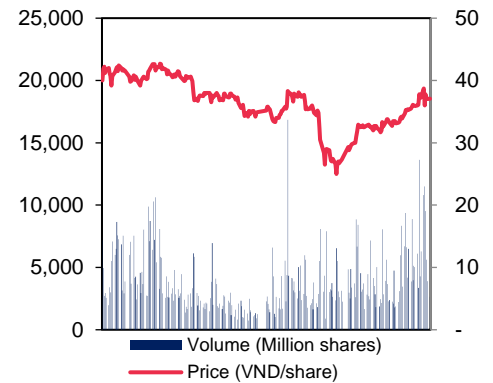
Upside

24%

#### Key changes in the report

Adjust 2025 – 26 EPS 9%/-6% compared to latest forecast.

#### Information



Source: FiinPro, MBS Research

|                       |        |
|-----------------------|--------|
| Market price (VND)    | 18,500 |
| Highest in 52w (VND)  | 21,500 |
| Lowest in 52w (VND)   | 12,500 |
| Market cap (VND bn)   | 11,520 |
| P/E (TTM)             | 19.5   |
| P/B                   | 1.1    |
| Dividend yield (%)    | 0%     |
| Foreign ownership (%) | 20.7%  |

Source: <https://s24.mbs.com.vn/>

#### Ownership Structure

|                           |       |
|---------------------------|-------|
| Đầu tư và Du lịch Hoa Sen | 19.7% |
| Lê Phước Vũ               | 17.0% |
| Foreign                   | 20.7% |
| Others                    | 43.6% |

Source: <https://s24.mbs.com.vn/>

#### Analyst



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## Hoa Sen Group JSC (HSX: HSG)

### Investment Thesis & Recommendation

#### Investment Thesis

- We expect the price of domestic and export Hot – Dipped Galvanized (HDG) could recover since Q3/2025 thanks demand growth.
- The AD tax for HDG narrow the spread of China and VN steel which contribute to HSG gaining market share. We expect market share of HSG could rise to 30%/31% (from 29% in 2024) in 2025-26F.
- 2025-26F net profit may growth 86%/31% yoy thanks to rise of GPM (1.9% pts/0.7% pts) thanks to the rise of HDG more than HRC material price.
- In term of valuation, HSG is undervalued the average P/B in 2 last cycle (1.1 as compared to 1.4) in the expansionary phase of steel cycle. Furthermore, P/E forward could record 9.0 in 2025 (lower than 10 – the average in 2 last cycle).

#### Valuation

We apply two valuation methods FCFF and P/B to value HSG with a fair value of 23,000 VND/share. We expect HRC price could be on the upward trend since 2025 thanks to lower pressure of China and Vietnam demand recovery.

We choose P/B at 1.4x to value HSG. This P/B level is based on the average P/B of the business during the recovery period of the steel industry in the last 2 cycles. Therefore, in the context of the industry's recovery, this valuation is suitable for businesses in the early stages of the growth cycle.

Figure 1: Valuation summary

| Method                       | Weight | Price (VND)   |
|------------------------------|--------|---------------|
| FCFF                         | 50%    | 21,500        |
| P/B (P/B target 2024 = 1.4x) | 50%    | 24,500        |
| <b>Target price</b>          |        | <b>23,000</b> |

Source: MBS Research

Figure 2: Projected FCFF

|                             | 2025F | 2026F | 2027F | 2028F | 2029F |
|-----------------------------|-------|-------|-------|-------|-------|
| Profit after tax            | 948   | 1,244 | 1,404 | 3,367 | 6,483 |
| Non-cash charges            | 638   | 721   | 801   | 880   | 940   |
| Interest expenses after tax | 106   | 179   | 186   | 176   | 181   |
| Fixed asset investment      | 340   | 210   | 368   | 205   | 1,525 |
| Working capital             | 799   | 1,392 | 24    | (243) | 208   |
| FCFF                        | 554   | 542   | 1,998 | 4,461 | 5,872 |

Figure 3: FCFF valuation

|   |                |        |
|---|----------------|--------|
| (+) PV of FCFF for the period 2024-2028 | VNDbn          | 6,471  |
| (+) PV of terminal value                | VNDbn          | 11,239 |
| (+) Cash & equivalents                  | VNDbn          | 1,252  |
| (-) Debt                                | VNDbn          | 5,096  |
| Enterprise value                        | VNDbn          | 13,866 |
| Number of shares outstanding            | Million shares | 664.7  |
| Share price                             | Thousand VND   | 21,500 |

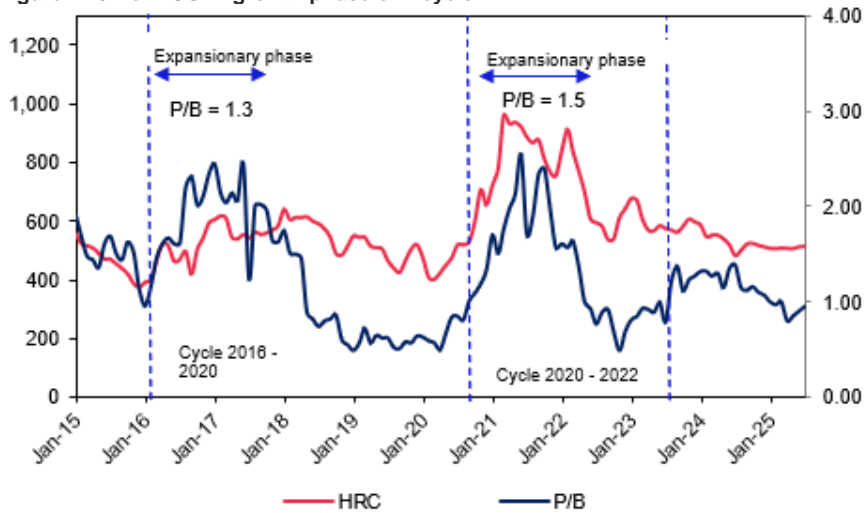
**Cost of equity**

|                     |       |
|---------------------|-------|
| Risk-free rate      | 3.0%  |
| Beta                | 1.20  |
| Equity risk premium | 9.6%  |
| Cost of equity      | 13.1% |

**WACC and long-term growth rate**

|                  |       |
|------------------|-------|
| Cost of debt     | 12.0% |
| Tax rate         | 20.0% |
| WACC             | 11.2% |
| Long term growth | 2%    |

Figure 4: P/B of HSG in growth phase of 2 cycle



Source: FinproX, HSG, MBS Research

Figure 5: Peer of comparison company

| Company                     | Ticker | Price  | Target | Recommend | Market Cap | P/E (x) |       | P/B (x) |       | ROA% |       | ROE (%) |       |
|-----------------------------|--------|--------|--------|-----------|------------|---------|-------|---------|-------|------|-------|---------|-------|
|                             |        |        |        |           |            | 2024    | 2025F | 2024    | 2025F | 2024 | 2025F | 2024    | 2025F |
| Hoa Phat Group              | HPG VN | 27,700 | 33,500 | ADD       | 177,880    | 12.4    | 9.9   | 1.6     | 1.5   | 5.4% | 7.6%  | 10.2%   | 14.5% |
| Hoa Sen Group               | HSG VN | 17,900 | 24,800 | ADD       | 16,676     | 14.2    | 12.8  | 1.3     | 1.2   | 2.6% | 3.4%  | 4.7%    | 7.2%  |
| Nam Kim Group               | NKG VN | 15,450 | 19,700 | ADD       | 250        | 15.1    | 14.1  | 1.1     | 1     | 3.6% | 5.2%  | 9.5%    | 10.3% |
| VN - Germany Steel Pipe JSC | VGS VN | 30,500 | N/A    | N/A       | 185        | 29.3    | 27.5  | 1.9     | 1.7   | 2.4% | 4.2%  | 4.1%    | 5.5%  |
| Dong A Group                | GDA VN | 24,500 | N/A    | N/A       | 150        | 7.3     | 6.5   | 0.9     | 0.8   | 5.4% | 6.2%  | 7.1%    | 8.5%  |
| Mean                        |        |        |        |           |            | 15.7    | 14.2  | 1.4     | 1.2   | 3.9% | 5.3%  | 6.0%    | 8.7%  |

Source: Bloomberg, MBS Research

**Investment risks**

- (1) The downtrend of China may continue until 2026 will bring pressure to domestic market price.
- (2) The housing supply could not recover as expected.

## 3Q25 net profit stay flat amid the recovering domestic market offset headwinds in export market

Figure 6: Business performance (VNDbn)

| Business Metrics          | 3Q/25 | YoY (%)  | QoQ (%)   | 9M25   | YoY       | % FY25 forecast | Comment   |
|---------------------------|-------|----------|-----------|--------|-----------|-----------------|---|
| Volume (Thousand Tons)    | 474   | -5%      | 15%       | 1,420  | 2%        | 69%             | 3Q/25 total volume decrease slightly due to the negative consumption of export market. 9M25 output increased thanks to domestic   |
| <i>Including:</i>         |       |          |           |        |           |                 |   |
| Export                    | 165   | -31%     | 3%        | 483    | -28%      | 56%             | Export consumption fall due to AD tax from EU and USA.  |
| Domestic                  | 309   | 20%      | 22%       | 937    | 30%       | 90%             | Domestic volume accelerated driven by growth of housing supply and public investment.   |
| Price (USD/Ton)           |       |          |           |        |           |                 |   |
| Export                    | 815   | -7%      | -4%       | 802    | -6%       | 94%             | Export price declined due to lower demand in EU and USA   |
| Domestic                  | 900   | -6%      | -3%       | 920    | -5%       | 88%             | The domestic price fall driven by the downtrend of China steel  |
| Revenue                   | 9,509 | -12%     | 13%       | 28,181 | -5%       | 62%             | Revenue dropped due to decrease of volume and price. Hoa Sen Home (HSH) account for 35% total and reach nearly VND10,000bn (+10% yoy) in 9M25. Revenue of HSH decreased 10% yoy due to decrease stores.                     |
| Gross profit              | 1,213 | -9%      | 13%       | 3,495  | 3%        | 68%             |   |
| Gross profit margin       | 12.8% | 0.5% pts | 0.1% pts  | 12.4%  | 0.7% pts  | +1.2% pts       | GPM rose as price of material decreased 7% yoy more than HDG price (6% yoy)   |
| Financial Income          | 61    | 97%      | -12%      | 225    | 6%        | 78%             |   |
| Financial expense         | 60    | -6%      | -12%      | 204    | 30%       | 67%             | Financial expense decreased due to lower loss of foreign exchange   |
| - Interest expense        | 43    | 10%      | -4%       | 138    | 48%       | 60%             |   |
| Selling expense           | 791   | -12%     | 7%        | 2,376  | -2%       | 66%             | Selling expense dropped thanks to soften transportation cost  |
| % selling expense/revenue | 8%    | 0.2% pts | -0.8% pts | 8.4%   | -0.1% pts | 0.2% pts        |   |
| G&A expense               | 169   | 31%      | -1%       | 482    | 39%       | 90%             |   |
| %SG&A expense / revenue   | 2%    | 0.5% pts | +0.6% pts | 2%     | 0.2% pts  | 0.1% pts        |   |
| Profit before tax         | 290   | 1%       | 28%       | 419    | -3%       | 40%             |   |
| Net profit                | 274   | 0%       | 34%       | 647    | -7%       | 68%             | 3Q/25: NP stay flat as the recovering domestic market offset headwinds in export market. In 9M25, NP decreased 7% yoy by (1) lower revenue and higher financial cost. NP in 9M25 achieved 68% and inline with our forecast. |

Source: HSG, MBS Research

**We adjust +9%/-6% in 2025 – 26 earnings compared to previous forecast driven by growth of domestic demand and widen GPM**

| Financial Metrics         | 2025F  | YoY (%)   | % Change  | 2026F  | YoY (%)   | % Change | Assessment   |
|---------------------------|--------|-----------|-----------|--------|-----------|----------|--|
| Volume (Thousand Tons)    | 2,000  | 3%        | -3%       | 2,120  | 6%        | -5%      | Revise down due to lower export volume   |
| <i>Including:</i>         |        |           |           |        |           |          |  |
| Export                    | 680    | -19%      | -22%      | 694    | 2%        | -25%     | Downward revision because of the export decreased more than expected   |
| Domestic                  | 1,320  | 31%       | 26%       | 1,426  | 8%        | 28%      | revise up thanks to stronger domestic consumption by 2 sectors: Real estate and public investment  |
| Price (USD/Ton)           |        |           |           |        |           |          |  |
| Export                    | 790    | -7%       | -9%       | 806    | 2%        | -11%     | Revise down driven by weak demand and AD tax in EU, USA  |
| Domestic                  | 945    | 3%        | -4%       | 983    | 4%        | -7%      | The domestic price could recover lower than expected because of impact from China steel  |
| Revenue                   | 39,950 | 0%        | -13%      | 43,054 | 8%        | -16%     | We lower revenue because of lower volume and price   |
| Gross profit              | 5,146  | 21%       | 0%        | 5,875  | 14%       | -3%      |  |
| Gross profit margin       | 12.9%  | 1.9 % pts | 1.7 % pts | 13.6%  | 0.7% pts  | 1.8% pts | Upward revision as the price of HRC material could drop more than HDG price  |
| Financial Income          | 288    | -16%      | 0%        | 315    | 9%        | 0%       |  |
| Financial expense         | 298    | 17%       | -3%       | 331    | 11%       | -1%      | Adjust down thanks to lower interest pressure  |
| - Interest expense        | 224    | 68%       | -3%       | 232    | 4%        | -2%      | Lower by soften level of interest  |
| Selling expense           | 3,530  | 6%        | -2%       | 3,570  | 1%        | -8%      |  |
| % selling expense/revenue | 9%     | 1% pts    | 0%        | 8%     | -1% pts   | 0%       |  |
| G&A expense               | 525    | 6%        | -2%       | 626    | 19%       | -4%      |  |
| %SG&A expense / revenue   | 1.3%   | 0% pts    | 0%        | 1%     | -0.3% pts | 0%       |  |
| Profit before tax         | 1,128  | 109%      | 8%        | 1,555  | 38%       | -1%      |  |
| Net profit                | 948    | 86%       | 9%        | 1,244  | 31%       | -6%      | We revise up 2025 NP because increase of domestic offsetted the plunge of export market. In 2026, we revise down due to the negative outlook of export volume. |

Source: HSG, MBS Research

## Domestic: The recovery phase would continue in 2025-26F

In 2025 - 26, we estimate the revenue of domestic may reach VND27,612bn (+32% yoy) and VND29,878bn (+11% yoy) driven by the growth of both volume and price. As compared to latest report, we revise up 12%/15% as the rise of volume offset the revise down of price.

- In 9M25, HSG volume reported 937 thousand tons, higher than our forecast due to stronger demand of domestic market. We expect the rise of real estate supply and disbursement of public investment are key drivers for growth of domestic. Therefore, we revise up 26%/28% our estimation of output to reach 1,320 and 1,426 thousand tons (+31%/8% yoy).
- In term of price, because the downtrend of China steel offset demand recovery, price of HDG dropped 6% yoy in 9M25. Although HDG price in China recover 10% from the lowest level in June, we project domestic price could recover since Q3/25 but the increase would be lower than our expectation, so we revise down 4%/7%. Following downward revision, price to reach 945/983 USD/ton (3%/4% yoy).

Figure 7: Domestic volume of HSG (Unit: Thousand tons)

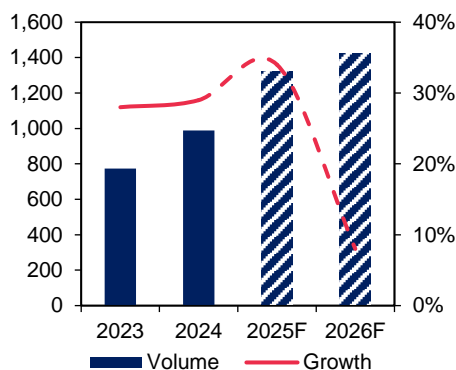


Figure 8: Domestic price of HSG (Unit: USD/ton)

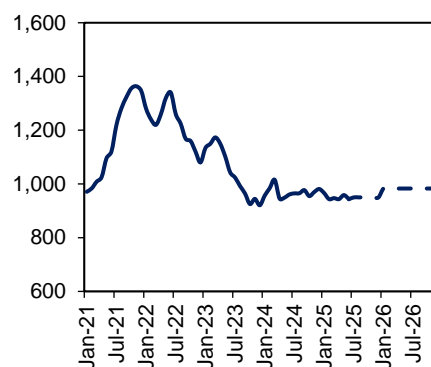


Figure 9: China HRC recovered to highest due to cut down volume (Unit: USD/ton)

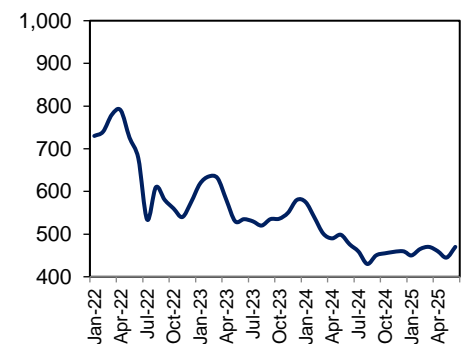
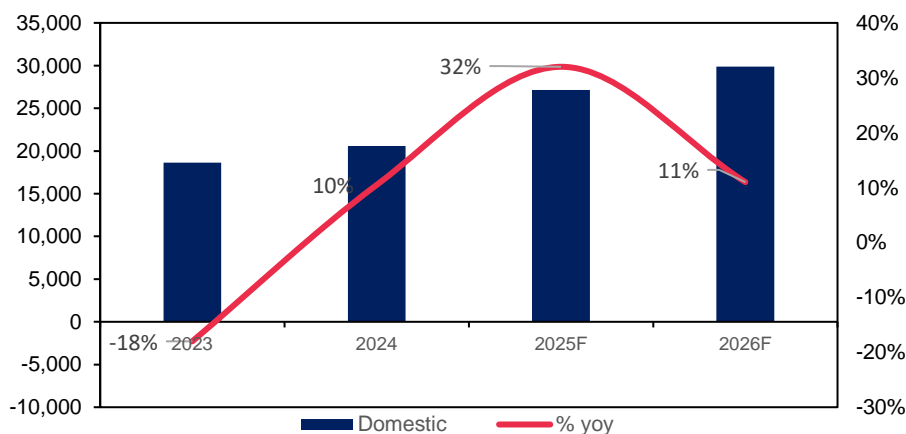


Figure 10: Domestic revenue of HSG (Unit: VNDbn)



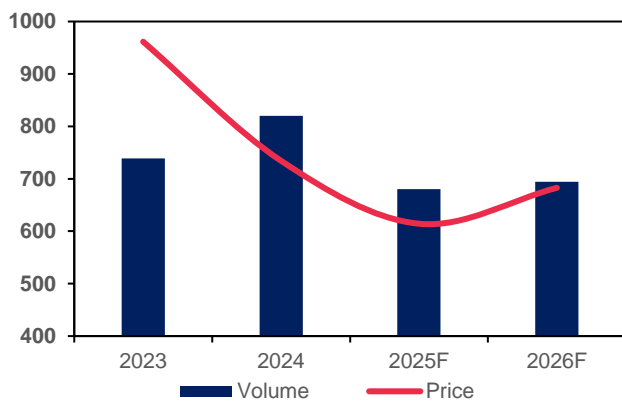
Source: HSG, MBS Research

## Export: Volume dropped sharply in 2025 recover since 2026 due to higher demand in USA and EU

In 2025 - 26, we estimate the revenue of export may reach VND12,788b (-32% yoy) and VND13,176b (+4% yoy). Compared to latest report, we revise down 25%/28% as the the volume and price lower than expected.

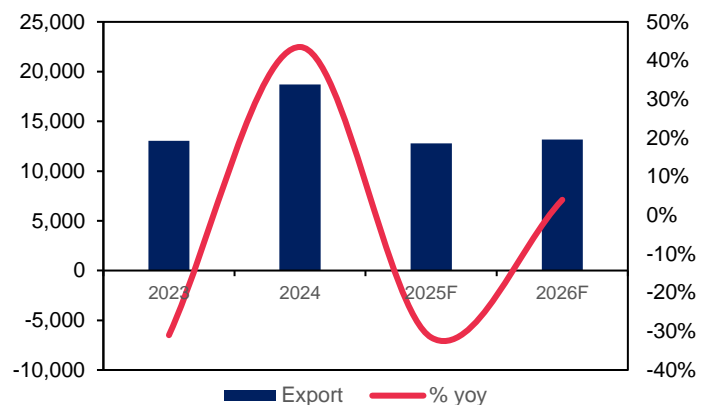
- In 2025, the steel consumption in EU and USA projected to recover slightly 2% and 3% yoy due to the positive outlook of real estate and automotive manufacturing. However, the decrease of VN – EU spread minimize the competition because EU could prioritize the local steel company. Therefore, due to taxable barriers, we adjust volume -22%/-25% as compared to our latest forecast. Following downward revision, the export volume expected to reach 680/694 thousand tons (-19%/2% yoy).
- In term of price, we revise down export price driven by intense pressure. Furthermore, we forecast VN manufacturer could decrease price to maintain market share. In conclusion, we adjust -9%/-11% as our latest forecast, export price reach 790/806 USD/ton (-7% /2% yoy).

Figure 11: Total HSG export volume (Unit: Million Ton)



Source: HSG, MBS Research

Figure 12: The export revenue of HSG (Unit: USD/ton)



Source: HSG, MBS Research

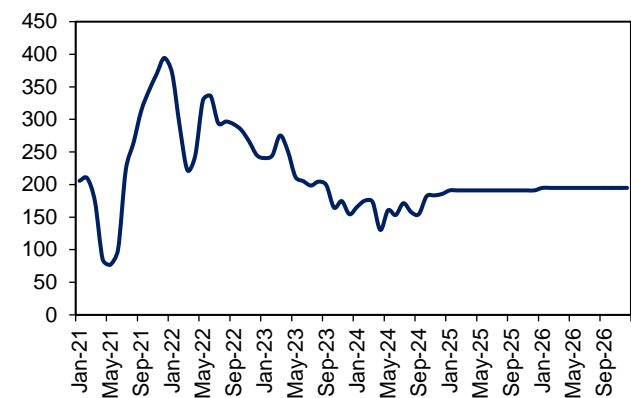
## The GPM could be expanded in 2025 – 2026, GPM reach 12.6%/12.9% due to upward trend of HRC

We expect domestic HRC price could recover since Q3/25 supported by (1) the rise of China steel thanks to minimization of volume and (2) AD tax of Vietnam Government could decrease 30% yoy the spread Vietnam – China HRC and local manufacture could gain market share. In 2025 – 26, we revise up GPM 1.7%/1.8% pts compared to latest forecast and could reach 12.9%/13.6% (+1.9%/0.7% pts).

- As we expected in HPG's update report, the HRC price could rise 4%/5% yoy due to higher demand and AD tax. But HSG could have low – price HRC material by inventory accumulation. Therefore, price of HRC material estimated to rise less than market price, which would increase 1%/2% yoy.
- As the increase of HDG price (3%/4% yoy) more than rise of HRC material (1%/2% yoy) so the spread of HDG and HRC price could rise

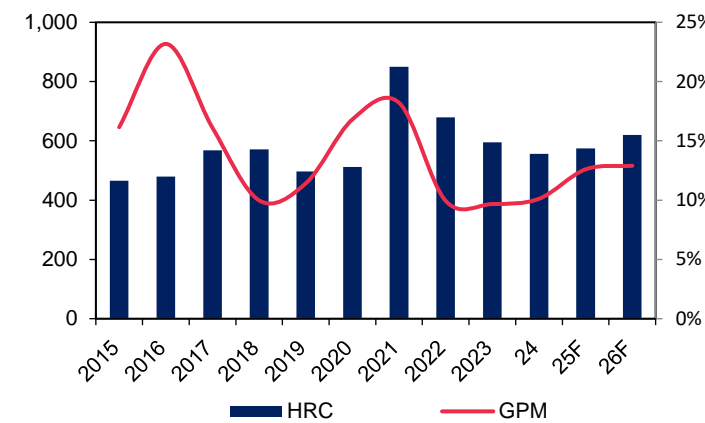
to 191/194 USD/ton (+3%/2% yoy). Higher spread is key driver for growth of GPM in 2025 -26.

Figure 13: The gap between HRC and HDG (Unit: USD/ Ton)



Source: Bloomberg, HSG, MBS Research

Figure 14: The GPM of HSG expected to climb 12.6/12.9% in 2025 - 26



Source: FiinproX, HSG, MBS Research



## FINANCIAL REPORTS

| Income statement                      | Dec-23        | Dec-24        | Dec-25        | Dec-26        | Cash flow statement                              | Dec-23       | Dec-24         | Dec-25       | Dec-26       |
|---------------------------------------|---------------|---------------|---------------|---------------|--|--------------|----------------|--------------|--------------|
| Net revenue                           | 31,651        | 39,272        | 39,950        | 43,054        | Pretax profit                                    | 631          | 541            | 1,128        | 1,555        |
| Cost of sales                         | (28,590)      | (35,019)      | (34,804)      | (37,179)      | Depreciation & amortisation                      | 817          | 989            | 674          | 773          |
| Gross profit                          | 3,061         | 4,253         | 5,146         | 5,875         | Interest paid                                    | 116          | 133            | (224)        | (232)        |
| Gen & admin expenses                  | (407)         | (496)         | (525)         | (626)         | Other non operating gains/(losses)               | (11)         | 196            | 48           | 44           |
| Selling expenses                      | (2,477)       | (3,345)       | (3,530)       | (3,722)       | Change in working capital                        | (1,026)      | (2,693)        | (1,222)      | (516)        |
| Total operating costs                 | 177           | 412           | 1,091         | 1,528         | <b>Cash flow from operations</b>                 | <b>527</b>   | <b>(1,418)</b> | <b>405</b>   | <b>1,624</b> |
| Operating EBITDA                      | 994           | 1,401         | 1,729         | 2,248         | Capex  | (244)        | (770)          | (284)        | (210)        |
| <b>Operating EBIT</b>                 | <b>177</b>    | <b>412</b>    | <b>1,091</b>  | <b>1,528</b>  | Proceeds from assets sales                       | 24           | 49             | (548)        | 365          |
| Interest income                       | 233           | 342           | 288           | 315           | <b>Cash flow from investing activities</b>       | <b>(220)</b> | <b>(720)</b>   | <b>(832)</b> | <b>155</b>   |
| Financial expense                     | (119)         | (121)         | (75)          | (99)          | New share issuance                               | -            | 22             | 308          | 647          |
| Net other income                      | 50            | 41            | 48            | 44            | Net borrowings                                   | 1,107        | 2,427          | 1,278        | (139)        |
| Income from associates & JVs          | -             | -             | -             | -             | Other financing cash flow                        | 1            | 2              | -            | -            |
| <b>Pre-tax profit</b>                 | <b>146</b>    | <b>541</b>    | <b>1,128</b>  | <b>1,555</b>  | Dividends paid                                   | -            | -              | -            | -            |
| Tax expense                           | (116)         | (31)          | (181)         | (311)         | <b>Cash flow from financing activities</b>       | <b>1,108</b> | <b>2,142</b>   | <b>1,586</b> | <b>508</b>   |
| Profit after tax                      | 30            | 510           | 948           | 1,244         | Cash and equivalents at beginning of period      | 647          | 597            | 602          | 1,252        |
| Minority interest                     | -             | -             | -             | -             | Total cash generated                             | 1,415        | 4              | 650          | 477          |
| <b>Net profit</b>                     | <b>30</b>     | <b>510</b>    | <b>948</b>    | <b>1,244</b>  | <b>Cash and equivalents at the end of period</b> | <b>597</b>   | <b>602</b>     | <b>1,252</b> | <b>1,729</b> |
| Dividends paid                        | (0)           | (0)           | (308)         | (647)         |  |              |                |              |              |
| Retained earnings                     | 30            | 510           | 640           | 597           |  |              |                |              |              |
| Consolidated balance sheet            | Dec-23        | Dec-24        | Dec-25        | Dec-26        | Key Ratios                                       | Dec-23       | Dec-24         | Dec-25       | Dec-26       |
| Cash and equivalents                  | 597           | 602           | 1,252         | 1,729         | Revenue growth                                   | -36.3%       | 24.1%          | 1.7%         | 7.8%         |
| Short term investments                | 31            | 30            | 33            | 36            | Operating EBITDA growth                          | -43.0%       | 40.9%          | 23.4%        | 30.1%        |
| Accounts receivable                   | 2,272         | 2,272         | 2,272         | 1,828         | Operating profit growth                          | 30.3%        | 232.8%         | 264.7%       | 140.1%       |
| Accounts receivable                   | 9,702         | 9,702         | 10,706        | 12,311        | Pretax profit growth                             | -61.7%       | 270.5%         | 108.6%       | 37.8%        |
| Total current assets                  | 14,456        | 14,164        | 15,758        | 17,525        | Net profit growth                                | -88.0%       | 1600.0%        | 85.9%        | 31.3%        |
| Gross PPE                             | 3,914         | 3,915         | 3,583         | 3,085         | EPS growth                                       | -89.3%       | 1575.2%        | 81.3%        | 22.0%        |
| Construction in progress              | 663           | 664           | 730           | 730           | <b>Growth rates</b>                              |              |                |              |              |
| Property Investment                   | -             | -             | -             | -             | Gross margin                                     | 9.7%         | 10.8%          | 12.9%        | 13.6%        |
| Investment in subsidiaries            | 1             | 1             | 1             | 1             | EBIT margin                                      | 3.7%         | 4.2%           | 5.0%         | 5.8%         |
| Investment in JVs and associates      | -             | -             | -             | -             | Net profit margin                                | 0.1%         | 1.3%           | 2.4%         | 2.9%         |
| Other long-term asset                 | -             | -             | -             | -             | ROAE   | 0.3%         | 4.7%           | 7.8%         | 9.3%         |
| Other long-term asset                 | 5,388         | 5,397         | 4,967         | 4,470         | ROAA   | 0.2%         | 2.6%           | 4.6%         | 5.7%         |
| <b>Tổng tài sản</b>                   | <b>19,844</b> | <b>19,561</b> | <b>20,725</b> | <b>21,995</b> | ROIC   | 0.2%         | 3.1%           | 5.5%         | 6.7%         |
| Short-term debt                       | 2,936         | 5,364         | 5,096         | 5,230         | <b>Efficiency</b>                                |              |                |              |              |
| Accounts payable                      | 2,885         | 2,329         | 2,607         | 2,468         | Asset turnover                                   | 1.6          | 2.0            | 1.9          | 2.0          |
| Other current liabilities             | 504           | 739           | 607           | 623           | Total debt to equity                             | 27.2%        | 49.2%          | 41.8%        | 38.9%        |
| Total current liabilities             | 6,325         | 8,432         | 8,309         | 8,321         | Net debt to equity                               | 21.7%        | 43.7%          | 31.5%        | 26.1%        |
| Total long-term debt                  | -             | -             | -             | -             | Net debt to assets                               | 11.8%        | 24.3%          | 18.5%        | 15.9%        |
| Other liabilities                     | 16            | 16            | 17            | 20            | Interest coverage ratio (x)                      | 0.9          | 3.1            | 4.9          | 6.6          |
| Total non-current liabilities         | 16            | 16            | 17            | 20            | <b>Balance sheet analysis</b>                    |              |                |              |              |
| <b>Total liabilities</b>              | <b>2,952</b>  | <b>5,380</b>  | <b>5,113</b>  | <b>5,250</b>  | Days account receivable                          | 26.2         | 21.1           | 20.8         | 15.5         |
| Share capital                         | 6,160         | 6,160         | 6,468         | 7,115         | Days inventory                                   | 123.9        | 101.1          | 112.3        | 120.9        |
| Additional paid-in capital            | 157           | 157           | 157           | 157           | Days creditor                                    | 36.8         | 24.3           | 27.3         | 24.2         |
| Treasury shares                       | -             | -             | -             | -             | <b>Liquidity</b>                                 |              |                |              |              |
| Retained earnings reserve             | 4,369         | 4,528         | 5,519         | 6,116         | Current ratio                                    | 2.2          | 1.6            | 1.9          | 2.1          |
| Other reserves                        | 78            | 50            | 50            | 50            | Quick ratio                                      | 0.7          | 0.5            | 0.6          | 0.6          |
| Shareholders' equity                  | 10,780        | 10,897        | 12,197        | 13,438        | Cash ratio                                       | 0.1          | 0.1            | 0.2          | 0.2          |
| Minority interest                     | 16            | 1             | 3             | -             | <b>Valuations</b>                                |              |                |              |              |
| Total equity                          | 10,780        | 10,897        | 12,197        | 13,438        | EPS  | 49           | 828            | 1,501        | 1,832        |
| <b>Total liabilities &amp; equity</b> | <b>19,844</b> | <b>19,561</b> | <b>20,725</b> | <b>21,995</b> | BVPS   | 17,475       | 17,687         | 18,853       | 18,888       |
|                                       |               |               |               |               | P/E  | 410.7        | 24.2           | 13.6         | 11.4         |
|                                       |               |               |               |               | P/B  | 1.1          | 1.1            | 1.1          | 1.1          |

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## MBS RECOMMENDATION FRAMEWORK

### Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

|        |  |
|--------|--|
| ADD    | The stock's total return is expected to reach 15% or higher over the next 12 months.                     |
| HOLD   | The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months |
| REDUCE | The stock's total return is expected to fall below negative 10% over the next 12 months                  |

### Sector Ratings

POSITIVE - Stocks in the segment have, on a market cap-weighted basis, a positive absolute recommendation

NEUTRAL - Stocks in the segment have, on a market cap-weighted basis, a neutral absolute recommendation

NEGATIVE - Stocks in the segment have, on a market cap-weighted basis, a negative absolute recommendation

## ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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