Nam Kim Steel Joint Stock Company (HSX: NKG)

Growth engine from domestic market

- Net profit (NP) in 2024 grew by 287% yoy from the low base of 2023. NP reached 82% our forecast due to negative performance in export market.
- Despite the positive outlook of domestic market, the exports could be decreased because of tax measure of USA and EU. We expect NP to grow 50%/31% yoy in 2025–26, driven mainly by domestic.
- We recommend ADD rating for NKG with a target price of 19,700 VND.

ADD

Target price	VND 19,700
Upside	*34%*

Major changes:

Output growth and improved gross margin as key growth drivers for 2024

In 2024, revenue reached 20,609 billion VND (+11% yoy) thanks to recovery of domestic. In terms of sales volume, NKG is projected to reach 1,020 thousand tons (+18% yoy). Both export and domestic markets witnessed a strong recovery, increasing by 21% and 15%, compared to the low levels of 2023. Moreover, as HRC material cost decline more sharply than Hot Dipped Galvanised (HDG) price, the gross margin (GPM) improved 3% pts yoy. Financial expenses are estimated at 477 billion VND (+12% yoy) due to pressure from exchange rate losses. As a result, NKG's NP in 2024 is projected to reach 453 billion VND (+287% yoy).

Domestic market recovery offsets lower export prospect in 2025-26

In 2025, the rise of domestic sale (8%) could outweight the decrease of export volume (2%). As a result, total sales volume in 2025 could increase by 2% yoy. Additionally, because of easing exchange rates and lower transportation costs, financial and selling expenses expected to dropp 16% and 17% yoy. Thanks to these factors, NKG's NP could reach 681 billion VND (+50% yoy).

In 2026, sharper decline of export sale (-4% yoy) as supply of EU and US recover. However, domestic sales expected to be key growth driver (6% yoy). We forecast that GPM could rise by 0.3% pts yoy, as price to rise by 5% yoy, outpacing the 3% yoy increase in material costs. As a result, NP is projected to grow 31% yoy.

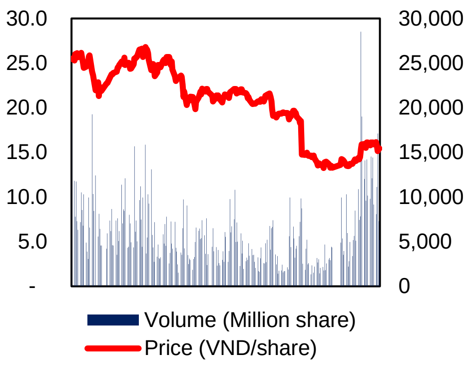
Reiterate ADD with a target price of VND 19,700/share

We believe this is the right time to invest in NKG, as key risks have already been reflected in the stock price. From Q2/25, we expect domestic HDG prices to improve as downward pressure from China gradually eases. Additionally, the AD tax is a key catalyst that could drive NKG's net profit growth in 2025-26. Therefore, we reiterate ADD with a target price of VND 19,700/share, representing a 34% upside, based on the FCFF and P/B valuation methods (WACC: 11.6%). Investment risks include (1) Potential tariff risks from the US and EU (2) Weak performance in the real estate market.

Income statement	Dec-23	Dec-24	Dec-25	Dec-26
Net revenue	18,596	20,609	22,859	25,755
Net profit	178	453	682	890
Revenue growth	-19%	11%	11%	13%
Net profit growth	-243%	154%	51%	30%
Gross margin	6%	9%	9%	9%
EBITDA margin	5%	5%	6%	7%
ROAE	3%	8%	10%	12%
ROAA	1%	3%	5%	6%
EPS (VND/share)	677	1,564	2,158	2,817
BVPS (VND/share)	20,598	18,577	20,825	23,233

Sources: NKG, MBS Research

Stock information



Source: FiinPro, MBS Research

Market price (VND)	15,450
High 52w (VND)	21,200
Low 52w (VND)	13,000
Market cap (VND bn)	6,920
P/E (TTM)	19.5
P/B	0.9
Dividend yield (%)	0%
Foreign ownership ratio (%)	6.9%

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

Ownership structure

Hồ Minh Quang	15.8%
Foreign	6.9%
Others	78.3%

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

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Nam Kim Steel JSC (HSX: NKG)

Investment thesis and Valuation

Investment thesis

- We expect domestic HDG prices to recover from Q2/25, driven by strong demand and the impact of AD tax.
- The AD tax on coated steel would narrow the gap between Vietnamese and Chinese steel, enabling NKG to increase its market share to 19% in 2025 (from around 17% in 2024).
- Net profit is projected to grow by 50%/31% yoy in 2025 and 2026, respectively, due to higher domestic sales volume and improved GPM.
- The company's P/B valuation is currently at 0.9, lower than the 1.05 level during previous growth cycles.

Valuation

We apply FCFF and P/B valuation methods for NKG and determine a fair value of VND 19,700/share (9% reduction from our previous target price). We lowered the target price as we revised the P/B valuation down to 1.05 (from 1.15) for 2025, considering the challenging export market and a slower industry recovery cycle. These factors led us to adjust our 2025 net profit forecast down by 28% from our previous estimate, although it still reflects a 50% YoY growth.

We set a target P/B ratio of 1.05 based on the average P/B ratio during the steel sector's recovery phases over the past two cycles. Therefore, in the context of a recovering steel industry, this valuation is reasonable for NKG in the early stages of its growth cycle.

Figure 1: Valuation summary

Method	Weight	Price (VNĐ)
FCFF	50%	18,600
P/B (P/B Target 2025 = 1.05)	50%	20,800
Target price		**19,700**

Sources: MBS Research

Figure 2: FCFF forecast

	2025F	2026F	2027F	2028F	2029F
Net profit	682	890	1,202	861	396
Non – cash expense	359	439	471	521	568
Interest rate expense	166	170	275	(73)	(424)
Capex	429	452	495	617	677
Working capital	(605)	1,673	(2,261)	1,627	(1,600)
FCFF	1,383	(627)	3,714	(935)	1,463

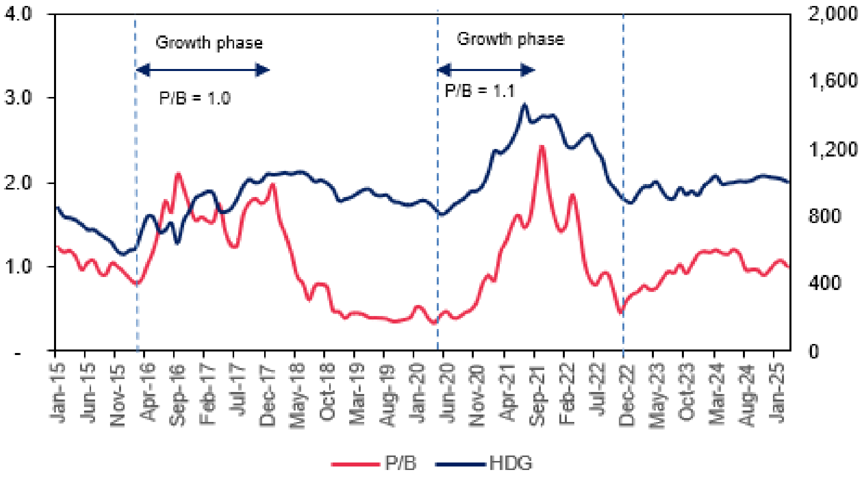
Figure 3: FCFF valuation

(+) Present value of FCFF 2024-2028	VNDb	3,885
(+) Terminal value	VNDb	6,079
(+)) Cash	VNDb	1,424
(-) Debt	VNDb	5,876
Enterprise value (EV)	VNDb	5,511
No. share	Million shares	316
Target price	VNĐ	18,600

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

WACC and long – term growth	
Cost of debt	12.0%
Tax	20.0%
WACC	11.2%
Growth	1%

Figure 4: P/B ratio of NKG during the growth phase of the last two industry cycles



Sources: FinproX, MBS Research

Figure 5: Industry peer comparison

Company	Ticker Bloomberg	Price VND/CP	Target VND/CP	Recommend	Market Cap Billion VND	P/E (x) 2024	P/E (x) 2025F	P/B (x) 2024	P/B (x) 2025F	ROA% 2024	ROA% 2025F	ROE (%) 2024	ROE (%) 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%**

Sources: Bloomberg, MBS Research

Downside risks

(1) Risk of tariff imposition from the US and EU.

(2) Real estate supply may not recover as expected.

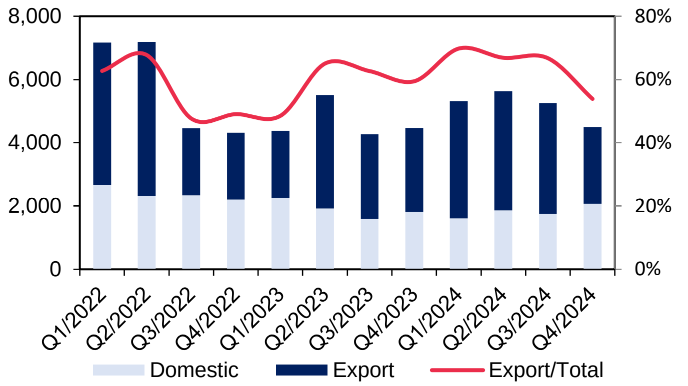
Recovery in sales volume and gross margin is the key driver for business performance in 2024

2024: Positive growth from a low base.

Indicator	Q4/2024	yoy (%)	QoQ (%)	2024	yoy (%)	% pre. Forecast	Comment
Volume (Tons)	181,540	-7%	-20%	1,012,300	18%	107%	
Include:							
Export	*102,000*	*-19%*	*-35%*	*620,600*	*21%*	*111%*	Export volume declined in Q4 as EU market (35% export) by AD tax investigation. However, in 2024, volume is expected to rise due to strong performance in 3Q/24.
Domestic	*79,540*	*8%*	*0%*	*391,700*	*15%*	*101%*	Domestic increased only 6% in Q4 due to pressure from Chinese steel. As a result, volume witnessed a 15% yoy recovery driven by recovery demand.
Price (USD/ton)							
Export	850	5%	-3%	840	-9%	95%	Export prices rise slightly from low base 2023. However, price of 2024 declined by 9% yoy due to pressure from Chinese steel and weak demand in the EU and the US.
Domestic	*870*	*-3%*	*-2%*	*890*	*-6%*	*93%*	Because of negative impact from China steel.
Revenue	**4,469**	**0.2%**	**-14%**	**20,609**	**11%**	**92%**	Q4/24 remained as the domestic grew 12% yoy, while exports declined 10% yoy. In 2024, revenue increased 11% yoy, driven by an 18% rise in volume, despite a decline in selling prices.
Gross margin	*6.7%*	*+0.5đ %*	*-2đ %*	*8.9%*	*3đ %*	*1.4đ %*	Gross margin saw a slight recovery as export prices rose 5% YoY in Q4/24. For 2024, the margin increased by 3% pts, supported by significant 16% yoy decline in material costs
Financial Income	102	137%	70%	340	48%	145%	Financial income grew, driven by gains from foreign exchange.
Financial expense	168	91%	42%	477	12%	109%	Financial expenses increased 12% due to foreign exchange losses, while decline in interest expenses
Interest Expense	*67*	*14%*	*37%*	*208*	*-29%*	*67%*	Interest expenses increased Q4 as NKG boosted short-term debt . However, interest burden in 2024 dropped 29% yoy by lower interest rates.
Selling expense	192	10%	63%	1,017	67%	139%	Selling expenses surged in 2024 due to increased transportation costs
SG&A expense	26	-80%	-7%	120	-8%	92%	
% selling and SG&A expense	5%	0.5đ %	1đ %	6%	2đ %	1đ %	
Profit before tax	16	-47%	-75%	558	215%	83%	
Net profit	18	-18%	-72%	453	287%	82%	NP in Q4 declined 18% yoy because financial, selling expenses rising by 91% and 10% yoy, respectively. However in 2024, NP surged 287% yoy, driven by (1) an 11% yoy increase in revenue supported by improved volume and (2) a 3% pts increase in GPM.

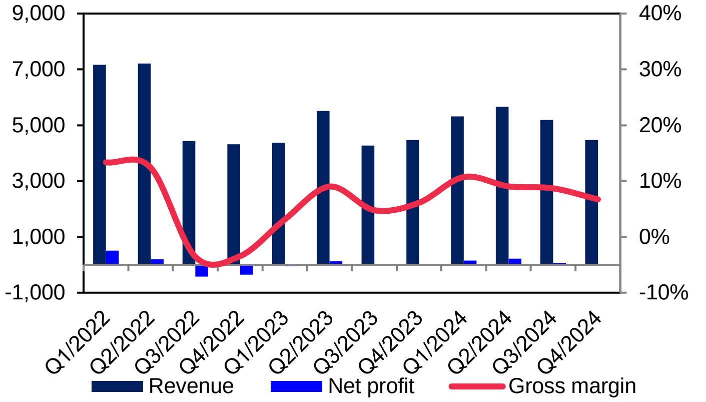
Sources: NKG, MBS Research

Figure 7: NKG's Revenue from 2022 to 2024 (Unit: Billion VND)



Sources: NKG, MBS Research

Figure 8: NKG's GPM and Net Profit (Unit: Billion VND)



Sources: NKG, MBS Research

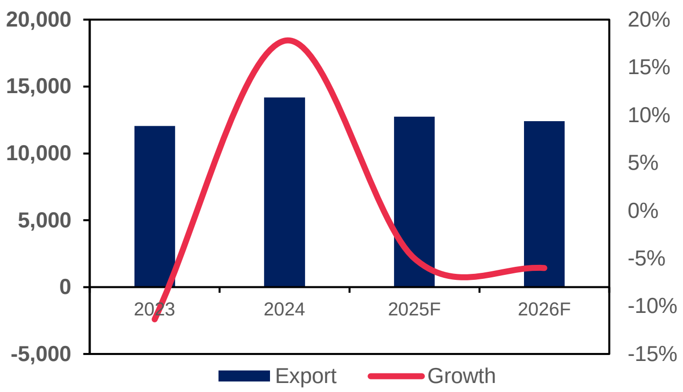
The domestic market become growth driver while lower export

Export volume is anticipated to decline by 2%/4% in 2025 - 26

The industry's export volume slightly declined by 0.6% yoy in 2024

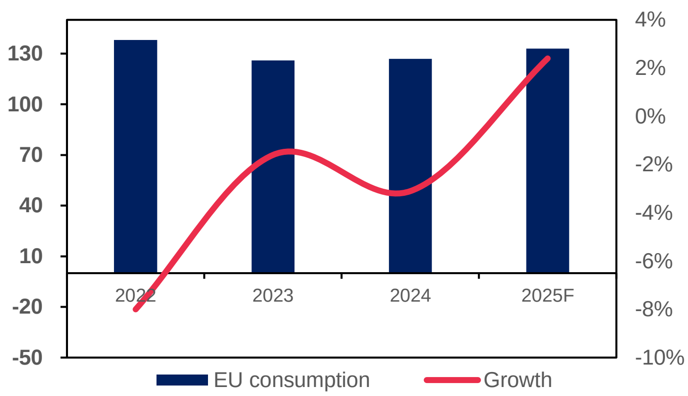
According to the VSA, Vietnam's export volume in 2024 reached 8.0 million tons (-0.6% yoy) as demand from the EU market (23% of volume) has not recovered as anticipated. Steel consumption in the EU declined by 3.3% yoy to 7.8 million tons, primarily due to the negative impact of the construction sector, which has struggled in a high-interest-rate. Specifically, EU construction sector growth contracted by 1.4% yoy. In addition to weak demand, the EU has launched AD tax investigation on HRC products from Vietnam, which could negatively impact export volumes. However, given that securing an alternative HRC supply within the EU may take time, total export volume is expected to remain flat in 2025 and decline slightly in 2026.

Figure 9: Export volume of finished steel (Unit: Million Tons)



Sources: VSA, MBS Research

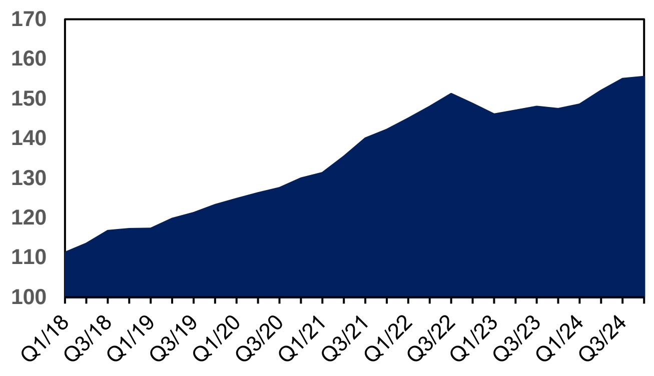
Figure 10: Steel demand in the EU (Unit: Million Tons)



Sources: Eurofer, MBS Research

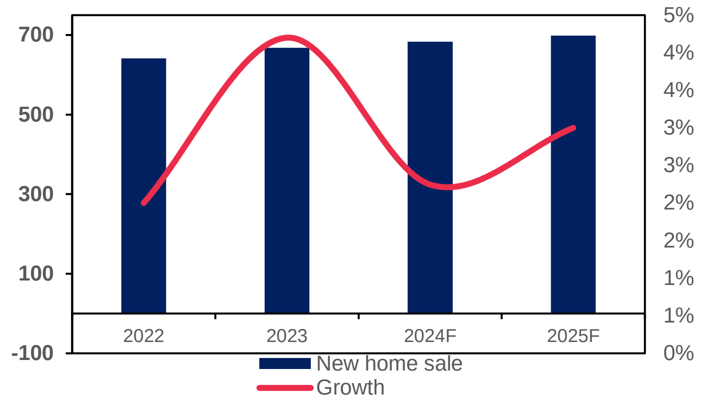
In 2025, according to the European Steel Association (Eurofer), steel consumption is expected to grow by 3.3% yoy, reaching 133 million tons. The growth is driven by the construction sector, which is projected to expand by 2% yoy, supported by lower interest rates stimulating real estate demand. Additionally, the automotive industry, which accounts for 25% of steel demand, is expected to recover by 3.3% yoy, driven by positive prospects in the electric vehicle sector.

Figure 10: EU Housing Price Index



Sources: Eurosta, MBS Research

Figure 11: US Home Sales (Unit: Thousand Units)



Sources: CBRE, MBS Research

According to the European Steel Association (Eurofer), the construction sector in the EU is expected to recover slightly by 1.1% yoy in 2025, following three consecutive years of negative growth. This recovery is likely to be driven by residential and infrastructure construction, supported by rising housing prices. In 2024, EU housing prices increased by 3% yoy, fueled by easing interest rates. The ECB is forecasted to cut interest rates four times in 2025, totaling 100 basis points, bringing rates down to 1.75%-2% by the end of the year. Lower interest rates are expected to boost real estate demand, which in turn will positively impact the construction sector. As a result, steel consumption in the EU is projected to recover by 3.3% yoy. Despite this demand recovery, Vietnamese steel exports to the EU are expected to remain flat yoy as the EU is currently investigating anti-dumping duties on imported coated steel from Vietnam. If the EU imposes tariffs, export volume forecasts will be adjusted accordingly based on the final tariff rates.

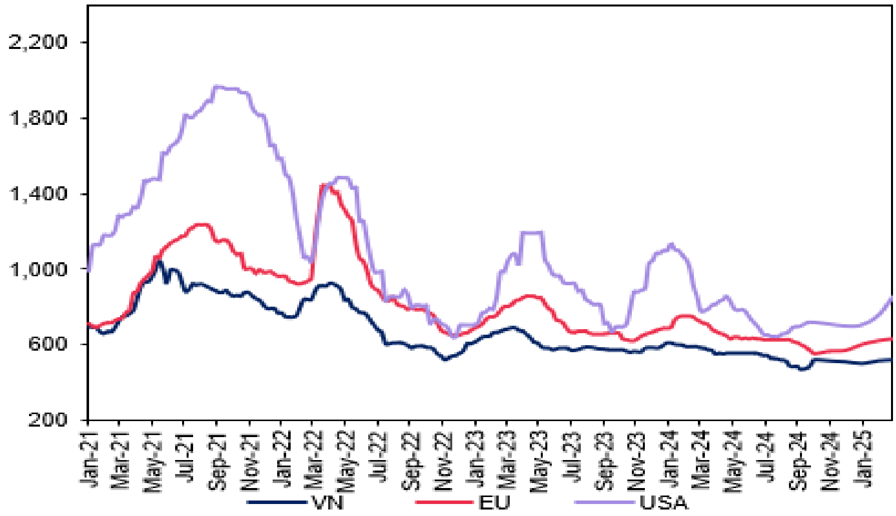
In the US market, steel demand is expected to grow by 1.6% yoy in 2025, primarily driven by the automotive sector, which accounts for 25% of total steel demand. According to forecasts from the American Automobile Association, US vehicle sales are projected to increase by 1.9% to 16.2 million units, supported by a recovery in consumer spending amid lower interest rates. Additionally, the construction sector is forecasted to grow by 2% yoy in 2025, according to the American Construction Association, due to the real estate sector’s recovery. US real estate sales reached 699,000 units (+3% yoy), signaling improving market conditions. Despite these positive growth drivers, Vietnamese steel exports to the US are expected to remain flat, as the US government has imposed a 25% tariff on all imported steel products, posing a significant trade barrier.

As the EU (35% of exports) and US (22% of exports) markets face slight declines YoY due to the negative impact of trade protection measures, the company's export volume in 2025 is expected to decrease by 2%, reaching 608 thousand tons. By 2026, export volume could decline further by 4% yoy, to 583 thousand tons.

Export prices may decline by 2%/3% yoy due to pressure from trade protection measures.

In 2024, the average global HRC price declined by 10% yoy, due to weak demand in major steel-consuming countries such as China, the EU, and the US. Additionally, oversupply from China and South Korea has exerted further downward pressure on global steel prices. More specifically, due to weak demand and price-cutting pressure from Chinese steel, HRC prices in the EU and US fell by 9%/7% yoy, respectively, to 650/785 USD/ton. As a result, the price gap between Vietnamese steel and EU/US steel narrowed by 6% YoY to 90–110 USD/ton, reducing Vietnam's competitive advantage against domestic producers in these markets as well as exporters from China and South Korea. Consequently, Vietnam's HRC export volume dropped by 32% yoy to 2.2 million tons, while export prices declined by 9% yoy.

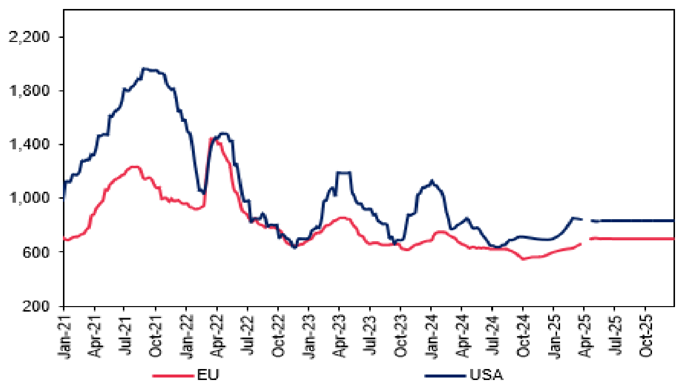
Figure 12: Short-Term HRC Price Recovery Amid Anti-Dumping Tariffs and Insufficient Domestic Supply (Unit: USD/Ton)



Sources: Blooberg

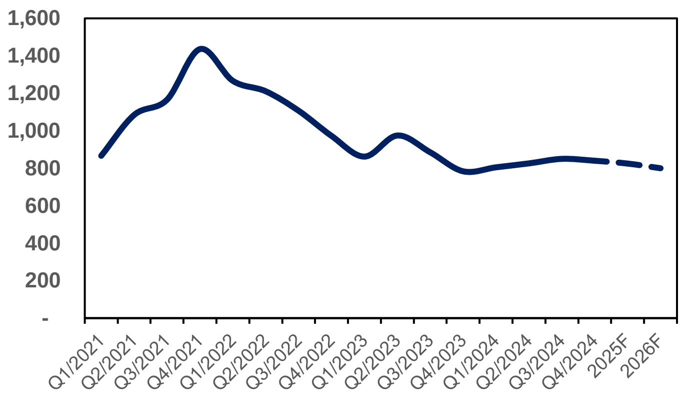
In Q1/25, HRC prices in the US and EU improved by approximately 20% and 12% yoy, respectively, as tariffs were imposed on steel-exporting countries. Meanwhile, domestic supply in these regions is expected to take around two quarters to recover. For 2025, although a recovery is anticipated, HRC prices in the EU are forecasted to rise by 8% yoy to 720 USD/ton, driven by growth in construction and automotive manufacturing, the two largest steel-consuming sectors. Additionally, import pressure on the EU market is expected to ease, supporting price stability. In the US market, Vietnamese coated steel producers may need to lower selling prices by 2-3% to maintain market share, as tariffs on some steel products have recently increased from 22% to 25%. Consequently, export prices are projected to decline by 2%/3% yoy to 823/799 USD/ton.

Figure 13: Forecasted HRC Prices in the US and EU (Unit: USD/Ton)



Sources: Bloomberg, MBS Research

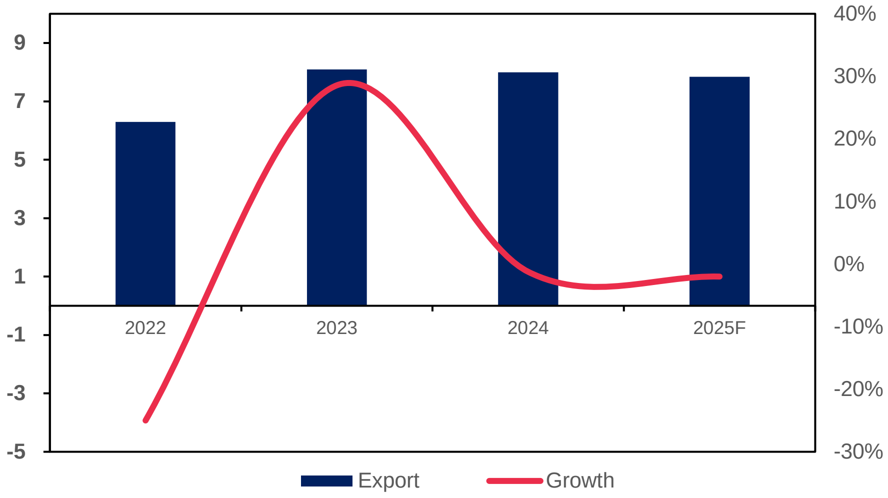
Figure 14: Forecasted export steel prices of NKG (Unit: USD/Ton)



Sources: CBRE, MBS Research

In 2025, export revenue is expected to decline slightly by 5% yoy, reaching 12,740 billion VND, due to a 2% drop in export volume and 2% yoy decline in export prices. By 2026, as both sales volume and selling prices decrease by 4% and 3% yoy, respectively, export revenue is projected to reach 12,400 billion VND (-8% yoy).

Figure 15: Forecasted export revenue (Unit: Billion VND)



Sources: MBS Research

The domestic market emerges as a key growth driver, supported by recovering demand and the impact of anti-dumping duties

According to VSA forecasts, domestic steel consumption is expected to grow by 8% yoy, reaching 23.2 million tons. Among steel products, construction steel, HRC, and coated steel are projected to be key growth drivers, supported by recovering demand from the real estate and public investment sectors, as well as the positive impact of anti-dumping duties.

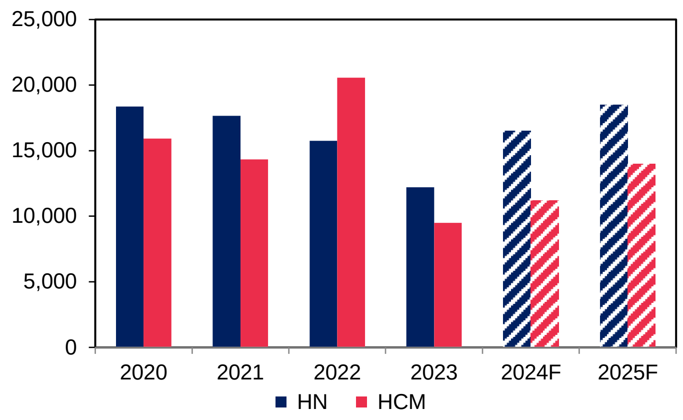
Real estate supply in Hanoi and Ho Chi Minh City is projected to increase by 30% yoy, as obstacles related to land valuation, compensation, and site clearance are resolved under the Revised Land Law. Additionally, easing loan interest rates is providing positive momentum for project development. Currently, average borrowing costs for developers range from 10.5% - 11% (decrease 1 percentage point yoy). Furthermore, apartment prices in major cities such as Hanoi and Ho Chi Minh City are expected to rise by 9% and 11% yoy, respectively. This price growth is encouraging developers to accelerate project construction to capitalize on the market recovery cycle.

Public investment disbursement is forecasted to grow by 17% yoy in 2025, as it marks the final year of the current mid-term investment cycle. Additionally, bottlenecks related to land clearance and material shortages (sand, construction stone) are expected to be resolved, accelerating project implementation. With these issues addressed, key strategic projects are scheduled for completion in 2025, including the North-South Expressway and Long Thanh International Airport. Looking ahead to 2026 - 2030, new strategic public investment projects such as the North-South High-Speed Railway and the Hanoi–Hai Phong–Lao Cai Railway could serve as long-term growth drivers for domestic steel demand.

With a positive outlook from two key steel-consuming sectors, construction (30%) and public investment (20%) showing strong growth prospects, total industry-wide steel consumption is expected to increase by 8% yoy to 23.2

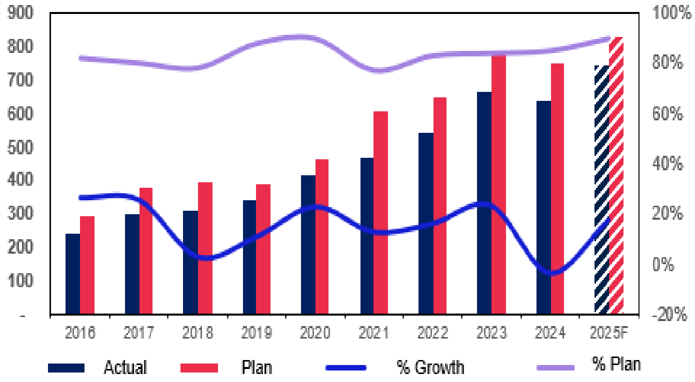
million tons, while coated steel demand is projected to grow by 7% yoy, reaching 2.8 million tons. As a leading coated steel producer, NKG is well-positioned to benefit from this positive industry outlook. The company's domestic sales volume is expected to reach 419/444 thousand tons (+7%/6% yoy).

Figure 16: Real estate supply from 2020 to 2025 (Unit: Units)



Sources: CBRE, MBS Research

Figure 17: Disbursed public investment capital (Unit: Billion VND)

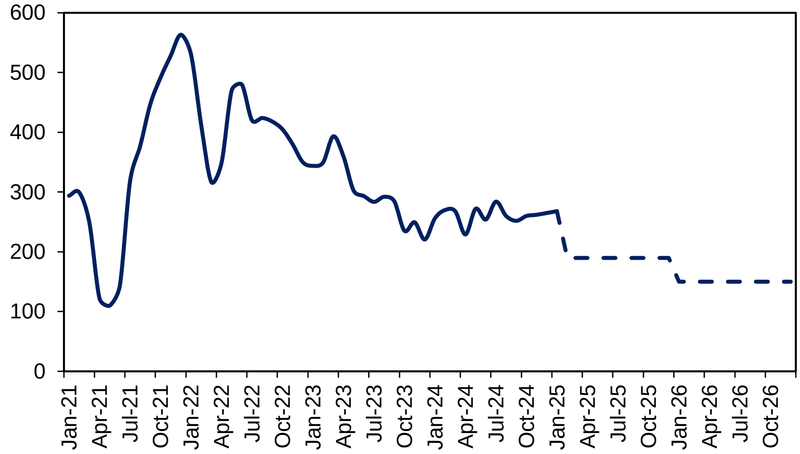


Sources: GSO, MBS Research

Domestic coated steel prices are expected to recover by 6%/5% yoy as pressure from Chinese steel eases following the implementation of anti-dumping duties.

In Q3/24, the Ministry of Industry and Trade launched an anti-dumping investigation on coated steel products from China and South Korea, as the domestic market faced intense competition from imported products. In 2024, imported coated steel volume surged by 30% yoy to 2.3 million tons, increasing import market share to approximately 55%. This significant rise in imports has negatively impacted the selling prices of domestic manufacturers.

Figure 18: Projected decline in price gap between Vietnamese and Chinese coated steel (Unit: USD/Ton)

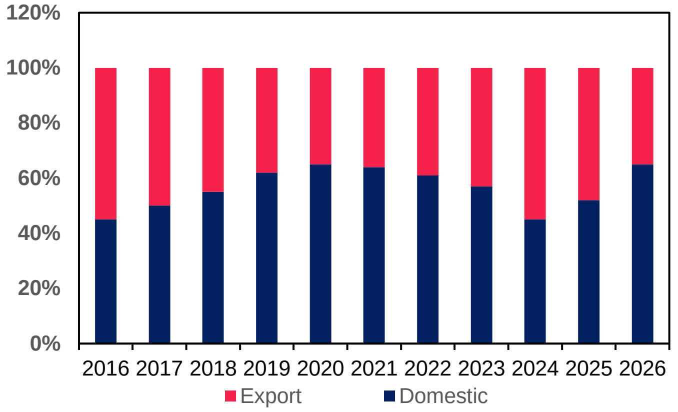


Sources: MBS Research

In 2025, we forecast that anti-dumping duties on imported coated steel from China and South Korea (AD19) could be approved and temporarily imposed from Q2/25. The expected tariff could range between 20% - 30%, as Chinese steel prices are currently 35% - 40% lower than domestic products (by approximately 200–220 USD/ton). As global markets increasingly implement protective measures to counteract the impact of low-cost Chinese steel, we believe there is a high likelihood that Vietnam's Ministry of Industry and Trade will approve these tariffs. If imposed, the price gap between Vietnamese and Chinese steel is expected to narrow by 26% yoy to 140 USD/ton (excluding additional costs such as transportation and warehousing). This would likely enhance the competitiveness of domestic manufacturers and allow to increase market share.

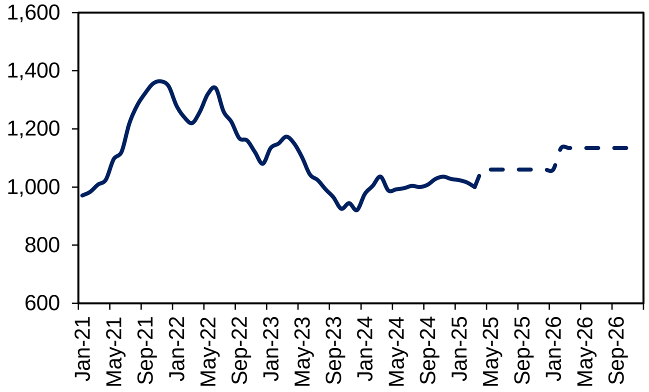
With eased pressure from Chinese steel, the market share of domestic manufacturers is expected to increase to 65% (from 45% in 2024). As a result, domestic HDG prices are projected to recover by 5%/6% yoy and reaching 943/991 USD/ton.

Figure 19: Projected domestic market share of coated steel (Unit: %)



Sources: VSA, MBS Research

Figure 20: Projected domestic selling price of coated steel (Unit: USD/Ton)



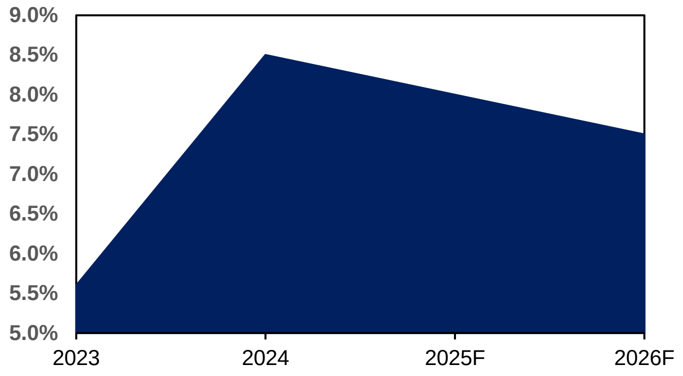
Sources: NKG, MBS Research

The gross profit margin is expected to remain stable in 2025 and increase slightly in 2026, supported by the higher margin from the domestic segment

Currently, Vietnamese steel exports to the US are subject to tariffs ranging from 22% - 37%, depending on the steel grade. With the US raising the minimum tariff to 25%, Vietnamese manufacturers are expected to lower selling prices by 4% yoy to maintain market share. However, following the tariff imposition, HRC prices in the US have surged by 25% since early 2024, reaching 900 USD/ton, due to short-term supply shortages. We anticipate that export prices to the US may decline from Q3/25 onward, as domestic supply in the US recovers and stabilizes demand, a process expected to take approximately one quarter.

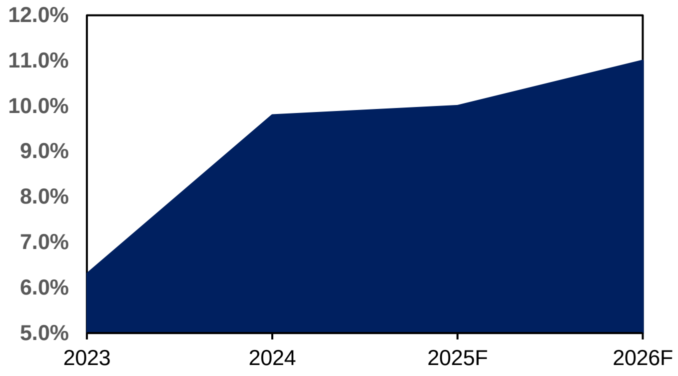
As NKG is expected to lower selling prices by approximately 4% yoy to maintain market share in the US and EU markets, we forecast that the gross profit margin for the export segment may decline by 1 percentage point yoy, reaching 8.0% in 2025 and 7.4% in 2026.

Figure 21: Profit Margin of the Export Segment (Unit: %)



Sources: MBS Research

Figure 22: Gross Profit Margin of the Domestic Segment (Unit: %)

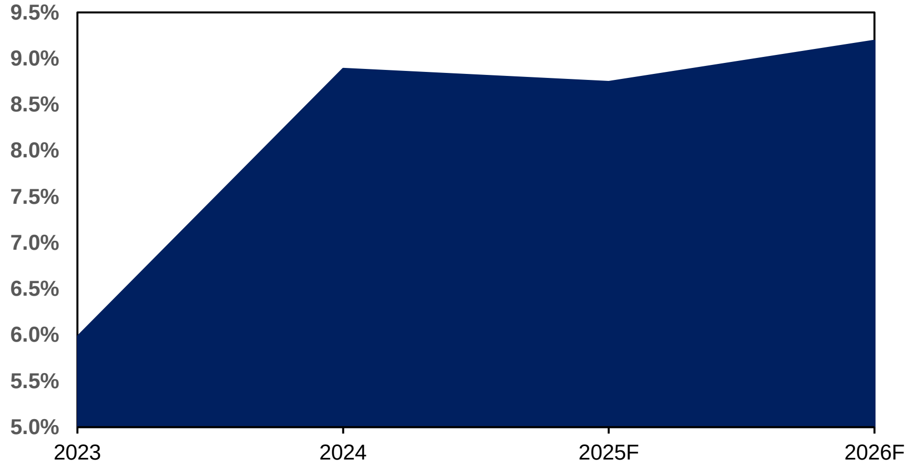


Sources: Bloomberg, MBS Research

In the domestic market, coated steel prices are expected to recover by 6%/5% yoy driven by rising demand and easing price pressure from Chinese steel. Meanwhile, HRC market prices are projected to increase by 6%/7% in 2025 - 26. However, NKG's raw material costs are expected to rise at a slower rate than the market, as the company benefits from stockpiling lower-cost inventory. As a result, NKG's HRC input costs are estimated to increase by only 2% in 2025 and 3% in 2026.

The GPM is expected to slightly decline to 8.7% in 2025 before recovering to 9.0% in 2026.

Figure 23: Projected Gross Profit Margin of NKG from 2024 to 2026 (Unit: %)



Sources: NKG, MBS Research

In 2025, the GPM is expected to decline slightly by 0.2 percentage points yoy to 8.7%, pressured by the export segment as NKG may lower prices to maintain sales volume. By 2026, the GPM is projected to increase by 0.5 percentage points yoy to 9.2%, driven by the positive impact of the domestic market.

2025-2026 business results forecast

Figure 24: MBS's projection on NKG's results in 2025-2026

Indicator	2024	2025F	% yoy	+-% prev. forecast	2026F	% yoy	Comments
Volume (Tons)	1,012,300	1,027,307	2%	2%	1,028,127	0%	
Include:							
Export	*620,600*	*608,188*	*-2%*	*-1%*	*583,860*	*-4%*	We slightly lower our 2025 forecast due to the negative impact of import tariffs from the US and EU. In 2026, as supply in the EU and US recovers, export volume is expected to decline by 4% yoy.
Domestic	*391,700*	*419,119*	*7%*	*5%*	*444,266*	*6%*	Revise up 2025 – 26 driven by the positive outlook for the coated steel market and anti-dumping duties
Price (USD/ton)							
Export	840	823.20	-2%	-2%	799	-3%	Revise down because NKG expect to cut off prices to maintain market share
Domestic	890	*943.40*	6%	*2%*	*991*	*5%*	Raise our domestic selling price forecast thanks to the bright outlook for HDG industry.
Revenue	**20,609**	**22,858**	**11%**	**5%**	**25,754**	**13%**	Revise up driven by higher domestic selling prices. In 2026, revenue could grow 15% yoy thanks to the domestic.
Gross margin	8.9%	*8.7%*	-0.2% pts		*9%*	0.3% pts	
Financial Income	340	246	-28%	0%	240	-2%	
Financial expense	477	400	-16%	9%	470	18%	
Interest Expense	208	*212*	2%	*-5%*	*343*	62%	Interest expenses in 2025 are lower than the previous forecast due to low interest rates. In 2026, expenses are expected to rise as debt increases to build up inventory.
Selling expense	1,017	852	-16%	5%	871	2%	
SG&A expense	120	160	33%	-8%	155	-3%	
% selling and SG&A expense	6%	5%	-1% pts		5%		
Profit before tax	558	830	49%	-29%	1,111	34%	
Net profit	453	681	50%	-28%	890	31%	We lower our 2025 NP forecast due to the negative impact of US and EU import tariffs on export prices. In 2026, net profit is expected to grow by 31%, driven by (1) a 13% increase in domestic segment revenue and (2) improved gross profit margin

Sources: NKG, MBS Research

FINANCIAL STATEMENTS

Income statement	Dec-23	Dec-24	Dec-25	Dec-26
Net revenue	18,596	20,609	22,859	25,755
Cost of sales	(17,484)	(18,777)	(20,859)	(23,387)
Gross profit	1,112	1,832	2,000	2,368
Gen & admin expenses	(130)	(120)	(161)	(155)
Selling expenses	(609)	(1,018)	(853)	(872)
Operating profit	373	694	986	1,341
Operating EBITDA	749	1,061	1,344	1,780
Operating EBIT	**373**	**694**	**986**	**1,341**
Interest income	230	341	246	241
Interest expense	(133)	(269)	(188)	(126)
Net other income	0	1	(0)	0
Income from associates & JVs	-	-	-	-
Pre-tax profit	**177**	**558**	**831**	**1,111**
Tax expense	1	(105)	(149)	(222)
Profit after tax	178	453	682	890
Minority interest	-	-	-	-
Net profit	**178**	**453**	**682**	**890**
Dividends paid	-	-	-	
Retained earnings	**178**	**453**	**682**	**890**

Consolidated balance sheet	Dec-23	Dec-24	Dec-25	Dec-26
Cash and equivalents	785	392	1,424	883
Short term investments	290	247	272	299
Accounts receivable	1,741	1,129	1,148	1,681
Inventories	5,719	6,690	6,230	7,846
Total current assets	9,323	10,202	10,333	12,052
Net PPE	1,989	1,700	1,717	1,745
Construction in progress	312	531	584	584
Propterty Investment	-	-	-	-
Investment in subsidiaries	3	525	-	-
Investment in JVs and associates	-	-	-	-
Other long-term asset	-	-	-	-
Total non-current assets	2,913	3,316	2,939	2,900
Total assets	**12,235**	**13,519**	**13,272**	**14,952**
Short-term debt	4,768	6,312	5,511	5,952
Accounts payable	1,856	1,219	1,029	1,526
Other current liabilities	161	90	125	108
Total current liabilities	6,784	7,621	6,665	7,585
Non-current liabilities	-	-	-	-
Other liabilities	28	27	28	27
Total non-current liabilities	28	27	28	27
Total liabilities	**4,796**	**6,338**	**5,539**	**5,979**
Share capital	2,633	3,159	3,159	3,159
Additional paid-in capital	786	259	786	786
Treasury shares	-	-	-	-
Retained earnings reserve	1,731	2,172	2,362	3,252
Other reserves	273	279	272	143
Shareholders' equity	5,423	5,871	6,579	7,340
Minority interest	-	2	-	-
Total equity	5,423	5,871	6,579	7,340
Total liabilities & equity	**12,235**	**13,519**	**13,272**	**14,952**

Cash flow statement	Dec-23	Dec-24	Dec-25	Dec-26
Pretax profit	177	558	831	1,111
Depreciation & amortisation	376	370	410	439
Interest paid	293	208	(213)	(344)
Other non cash gains/(losses)	(224)	9	(0)	0
Change in w orking capital	(353)	(1,686)	427	(2,329)
Cash flow from operations	**269**	**(541)**	**1,456**	**(1,122)**
Capex	(130)	(901)	(318)	(452)
Proceeds from assets sales	(15)	(459)	85	8
Cash flow from investing activitie:	**(146)**	**(1,360)**	**(233)**	**(444)**
New share issuance	-	-	-	-
Net borrow ings	(342)	1,507	(191)	497
Other financing cash flow	-	-	-	528
Dividends paid	-	-	-	-
Cash flow from financing activitie:	**(342)**	**1,507**	**(191)**	**1,025**
Cash and equivalents at beginning of p	1,005	785	392	1,424
Total cash generated	(220)	(393)	1,032	(541)
Cash and equivalents at the end	**785**	**392**	**1,424**	**883**

Key Ratios	Dec-23	Dec-24	Dec-25	Dec-26
Revenue grow th	-19.4%	10.8%	10.9%	12.7%
Operating EBITDA grow th	58.9%	41.7%	26.7%	32.4%
Operating profit grow th	399.8%	186.1%	142.0%	136.0%
Pretax profit grow th	-265.8%	214.8%	48.9%	33.7%
Net profit grow th	-242.9%	154.3%	50.5%	30.5%
EPS grow th	-230.7%	131.1%	38.0%	30.5%
Gross margin	6.0%	8.9%	8.7%	9.2%
EBITDA margin	4.5%	5.5%	6.1%	7.4%
Net profit margin	1.0%	2.2%	3.0%	3.5%
ROAE	3.3%	7.7%	10.4%	12.1%
ROAA	1.5%	3.4%	5.1%	6.0%
ROIC	1.7%	3.7%	5.6%	6.7%
Asset turnover	1.5	1.5	1.7	1.7
Total debt to equity	87.9%	107.5%	83.8%	81.1%
Net debt to equity	73.4%	100.8%	62.1%	69.1%
Net debt to assets	32.5%	43.8%	30.8%	33.9%
Interest coverage ratio (x)	1.3	3.3	4.6	3.9
Days account receivable	34.2	20.0	18.3	23.8
Days inventory	119.4	130.1	109.0	122.5
Days creditor	38.7	23.7	18.0	23.8
Current ratio	1.4	1.3	1.6	1.6
Quick ratio	0.5	0.5	0.6	0.6
Cash ratio	0.2	0.1	0.3	0.2
Valuations				
EPS	677	1,564	2,158	2,817
BVPS	20,598	18,577	20,825	23,233
P/E	23.6	11.2	7.4	5.7
P/B	0.8	0.9	0.8	0.7

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Our investment recommendations are based on the expected profitability of the stock, calculated as the sum of (i) the percentage difference between target price and market price at the time of publication, and (ii) expected dividend yield. Unless otherwise stated in the report, investment recommendations have an investment horizon of 12 months.

ADD The stock can generate a profitability of 15% or more

HOLD The stock can generate a profitability of between -15% and 15%

REDUCE The stock can generate a loss of 15% or more

Sector rating

POSITIVE Industry stocks have Add recommendations on a weighted market capitalization basis

NEUTRAL Industry stocks have Hold recommendations on a weighted market capitalization basis

NEGATIVE Industry stocks have Reduce recommendations on a weighted market capitalization basis

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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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