

Ha Do Group JSC (HSX: HDG)

- 2Q24 NP rose 110% yoy, driven by robust financial expenses drop despite poor performance among core businesses such as power and property.
- We expect a modest NP growth of 9% yoy in 2024 then surging 67% yoy in 2025 mainly due to the delay Charm Villa Phase 3 from 2024 to 2025.
- Reiterate ADD with higher TP of VND33,900/share.

2Q24 recap: Financial expenses dropped to support earnings

In 2Q24, HDG's revenue decreased by 7% yoy, primarily due to decline in power revenue under unfavorable weather conditions, as well as lower sales booked from property segment. This was partially offset by positive growth in office leasing and hotel services. Gross profit, thus, decreased 9% yoy accordingly, with GPM narrowed 1%pts yoy in 2Q24. Notably, financial expenses recorded a sharp reduction of 25% yoy in 2Q24, mainly led by the company effort to cut down interest expenses. This was achieved through restructuring loan with lower interest rate from 4Q23, coupled with the general decline in market rates. Therefore, 2Q24 NP rose 110% yoy, but 1H24's NP still decreased 13% yoy under sluggish 1Q24 results, completing only 33% our forecast.

2024-26F outlook: Good thing might set back until 2025

For 2024, we expect NP to humbly growth at 9% yoy to VND776bn per our estimation, driven by the recovery of power segment in 2H24F, coupled with strong contribution from office leasing and hotel services. We postponed the Charm Villa Phase 3 sales to launch at soonest end-24, positioning this project as the major growth engine for 2025-26 period, given that power segment to only bring stable revenue stream. Therefore, we forecast 2025 NP to increase sharply 67% yoy to VND1,293bn, assuming 48% of the total units in Charm Villa will be handed over that year. For 2026, we forecast that another 38% of total unit will be recognized before book the remaining in 2027. As a result, we estimate that NP in 2026 will slightly decrease by 6% yoy to VND1,215bn.

Reiterate ADD with higher TP of VND33,900/share

We reiterate ADD with higher TP of VN33,900/share (+7% vs previous report), mainly due to our revised view on the legal risk associated with the SP Infra 1, which are now considered lower risk than in our previous report. We set the FIT 1 (9.35UScent/kWh) for the project rather than switching to transitional price (5.01UScent/kWh) as previously planned. This adjustment led to a 40% increase in SP Infra 1's equity value. Re-rating catalyst: 1) Stronger-than-expected recovery in the property market; 2) Price mechanism for RE power to be issue in 2024. Downside risk: final regulatory conclusion regarding Hong Phong 4 solar power could be more stringent than anticipated.

VNDbn	2023	2024F	2025F	2026F
Revenue	2,882	2,923	3,858	3,663
Net profit	712	776	1,293	1,215
Revenue growth	-19.5%	1.4%	32.0%	-5.1%
Net profit growth	-35.1%	9.1%	66.5%	-6.0%
Gross margin	59.5%	62.7%	62.3%	61.4%
EBITDA margin	66.6%	71.9%	69.6%	69.3%
ROAE (%)	11.9%	12.3%	16.6%	13.5%
ROAA (%)	4.9%	5.2%	7.7%	6.9%
EPS (VND/share)	1,948	2,145	3,558	3,329
BVPS (VND/share)	17,851	18,821	23,214	26,714

Sources: POW, MBS Research

ADD

Target price

VND 33,900

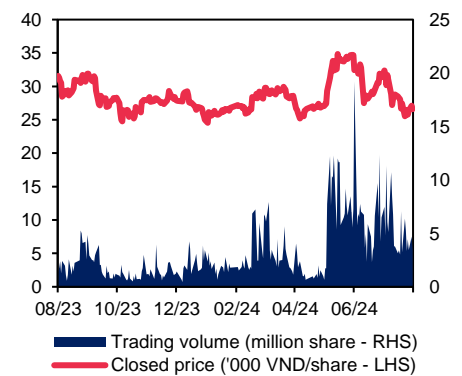
Upside

30%

Key changes in the report

Revise 2024/25/26 EPS by -22% /+4%/+18%

Price performance



Sources: FiinPro, MBS Research

Current price (VND)	26,600
52W High (VND)	32,400
52W Low (VND)	21,980
Market Cap (VNDbn)	8,946
P/E (TTM)	13.4
P/B	1.5
Dividend yield (%)	5.7%
Foreign ownership (%)	17.5%

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

Ownership

Nguyen Trong Thong	28.9%
Nguyen Van To	7.4%
Others	63.7%

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

Analyst(s)



Tung Nguyen

Tung.nguyenhaduc@mbs.com.vn

Ha Do Group JSC (HSX: HDG)

Investment thesis and Recommendation

Investment thesis

- HDG recognized as leading power company, with strong emphasis on hydropower and renewable energy. The company has proven its capability in implementing and operating projects with low investment cost, averaging VND25bn/MW across total portfolio of 461MW. These projects have consistently generated optimal output over the years, contributing to an average IRR exceeding 20%, particularly for hydropower and solar power plants. Looking ahead 2025-30, HDG set ambitious plans to double current power capacity, in which some of the outstanding projects include hydropower Son Linh (15MW), Son Nham (9MW), as well as wind power Phuoc Huu (50MW), Binh Gia (80MW).
- 2024-26 growth outlook will be driven by Charm Villa Phase 3 with projected total revenue and NP to reach VND2,034bn and VND947bn, respectively. In the coming years, HDG's property segment to experience brighter prospects, bolstered by the issuance of new land law, which is expected to untie the legal completing process for the company's projects.
- Robust financial health to be the main factor, enabling HDG to withstand market difficulties. The company only bears minimal pressure from interest expenses due to owning effectively operating projects, and its proactive approach in negotiating new loans with lower interest rate, especially for their hydropower plants.

Reiterate ADD with higher TP of VND33,900/share

We reiterate ADD with higher TP of VND33,900/share (+7% vs previous report), mainly due to our revised view on the legal risk associated with the SP Infra 1, which are now considered lower risk than in our previous report. In details, we set the FIT 1 (9.35UScent/kWh) for the project rather than switching to transitional price (5.01UScent/kWh) as previously planned. This adjustment led to a 40% increase in SP Infra 1's equity value. Overall, we apply DCF method (WACC: 10.6%) for power segment, and office leasing + hotel (Cap rate: 8.0%). For residential property, we use RNAV method. Based on these valuations, we conduct a new TP of VND33,900/share (Upside include dividend yield is 30%).

Re-rating catalyst:

- Stronger-than-expected recovery in the property market, facilitating sales launching for Charm Villa Phase 3.
- Price mechanism for RE power to be issue in 2024, supporting the implementation of new projects.

Downside risk:

- Lower-than-expected hydropower's selling price.

- The final regulatory conclusion regarding Hong Phong 4 solar power could be more stringent than anticipated. The project is experiencing payment delays from EVN due to legal issues being handed.

Figure 1: SOTP Valuation

SOTP-based valuation			
	Metric	Method	Weight
	VNDbn		%
Power	12,152	DCF (WACC: 10.4%)	
Property + Construction	2,670	RNAV (Discount rate: 12%)	
Office leasing & Hotel services	1,778	DCF (Cap rate: 8%)	
Other	63	Book value at end-4Q23	
(+) Cash & cash equivalent	1,571		
(-) Debt	5,322		
(-) Minority interest	1,523		
Equity value	11,389		
No of shares (million share)	336		
Implied share price (VND/share)			33,865
Rounded share price (VND/share)			33,900

Sources: MBS Research

Figure 2: Peers comparison

Company name	Ticker	Price	Target price	Recom.	Mkt Cap	P/E(x)		P/BV(x)		ROE (%)		ROA (%)	
						2024	2025	2024	2025	2024	2025	2024	2025
	Bloomberg	LC\$	LC\$		US\$m								
Conglomerate peer													
PC1 Group JSC	PC1 VN	28,150	33,400	ADD	349	21.9	14.3	1.3	1.1	2.3	3.8	7.5	10.9
Bamboo Capital Group JSC	BCG VN	6,390	NA	NR	224	58.1	NA	0.6	NA	0.2	NA	0.9	NA
REE Corp	REE VN	69,000	73,000	ADD	928	12.4	10.9	1.5	1.4	7.3	8.1	11.6	11.6
<i>Average</i>						<i>30.8</i>	<i>12.6</i>	<i>1.1</i>	<i>1.2</i>	<i>3.2</i>	<i>5.9</i>	<i>6.6</i>	<i>11.3</i>
Gia Lai Electricity JSC	GEG VN	12,900	NA	NR	176	30.4	17.0	0.9	0.7	2.4	2.7	5.7	6.3
Central Hydropower JSC	CHP VN	34,250	NA	NR	201	18.5	NA	2.5	NA	9.2	NA	14.1	NA
Vinh Son - Song Hinh JSC	VSH VN	51,500	NA	NR	485	37.5	NA	2.6	NA	3.4	NA	6.7	NA
<i>Average</i>						<i>28.8</i>	<i>17.0</i>	<i>2.0</i>	<i>0.7</i>	<i>5.0</i>	<i>2.7</i>	<i>8.8</i>	<i>6.3</i>
Ha Do Group JSC	HDG VN	26,200	33,900	ADD	351	9.6	6.7	1.4	1.1	5.2	7.7	12.3	16.6

Sources: Bloomberg, MBS Research

2Q24 recap: Financial expenses dropped to support earnings

Figure 3: 2Q24 & 1H24 HDG's earnings recap

VNDbn	2Q24	%yoy	%qoq	1H24	%yoy	% vs previous forecast	Comment
Revenue	560	-7%	-34%	1,408	-10%	43%	In 2Q24, HDG's revenue decreased by 7% yoy, primarily due to a decline in power revenue. This was partially offset by positive growth in the office leasing and hotel segments.
Power	348	-12%	-16%	762	-19%	40%	2Q24 power revenue dropped 12% yoy driven by weaker hydropower output.
Property + Construction	88	-12%	-72%	407	-1%	48%	Revenue from residential property remained low as the company has yet to launch new sales for Charm Villa Phase 3. The recorded revenue mainly came from the remaining units of Phase 2.
Office leasing + Hotel	124	12%	7%	239	13%	59%	2Q24 office leasing & hotel revenue remained solid, improved 12% yoy, owing to the overall Vietnam's services sector recovered.
Gross profit	282	-9%	-36%	720	-19%	36%	Gross profit decreased 9% yoy with GPM narrowed 1%pts mainly due to weakened hydropower results.
%GPM	50%	-1%pts	-1%	51%	-6%pts		
Power	198	-17%	-25%	464	-27%	36%	
Property + Construction	32	14%	-73%	153	-1%	34%	
Office leasing + Hotel	52	23%	1%	103	11%	50%	
SG&A	52	-27%	53%	85	-21%	38%	
EBIT	231	-3%	3%	635	-18%	37%	
Financial income	7	-28%	-47%	20	24%	27%	
Financial expenses	106	-25%	10%	202	-30.2%	42%	2Q24 financial expenses decreased 25% yoy thanks to its effort to cut down interest expenses. This was achieved through restructuring loans with lower interest rate, coupled with the general decline in market rates.
Profit before tax	138	45%	-57%	457	-8%	35%	
%PBT	25%	9%pts	-35%	32%	1%pts	0%	
Taxes	26	41%	-52%	81	35%	32%	
Profit after tax	111	46%	-58%	376	-13%	37%	
Minority interest	37	-10%	-14%	80	-16%	32%	
Net profit	74	110%	-66%	296	-13%	33%	Overall, 2Q24 net profit rose 110% yoy on the back of significant interest expenses improvement. However, 1H24's NP decreased 13% yoy due to sluggish 1Q24 results, completing only 33% our forecast.

Sources: HDG, MBS Research

2024-26 outlook: Good thing might set back until 2025

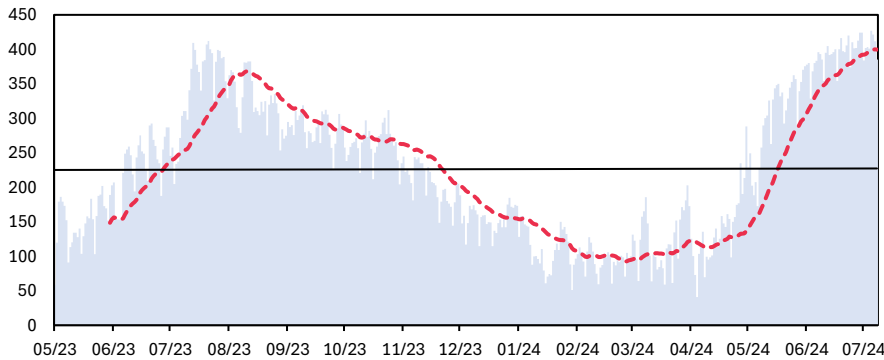
Power: Bustling for new capacity development from 2025

Hydropower: Brighter output prospect from 2H24 onward

Although 2Q24 hydropower output shows improvement from low base in 1Q24, 1H24 output remained below the 1H23 level due to unfavorable weather conditions. For 2H24, we expect hydropower output to achieve optimal mobilization driven by ideal weather conditions, results in strong mobilization trend from EVN starting in June 24, especially among the Northern and Central region, where HDG's plants are located. For large hydropower such as Song Tranh 4 and Dak Mi 2, we see a negative impact on selling price due to the reduced market portion (Qm) assigned in 2024. However, we see the impact to be minimal thanks to the plants' high contracted price (Pc). Besides, we anticipate that HDG's small hydropower plants (which make up 38% total capacity) to immune to price downtrend thanks to avoidable tariff policy. Therefore, we forecast 2024 output to increase 2% yoy to 1,481m kWh, average selling price (ASP) edge down 1.2% yoy to 1,132VND/kWh, leading to 2024 revenue of VND1,338bn maintained at last year level.

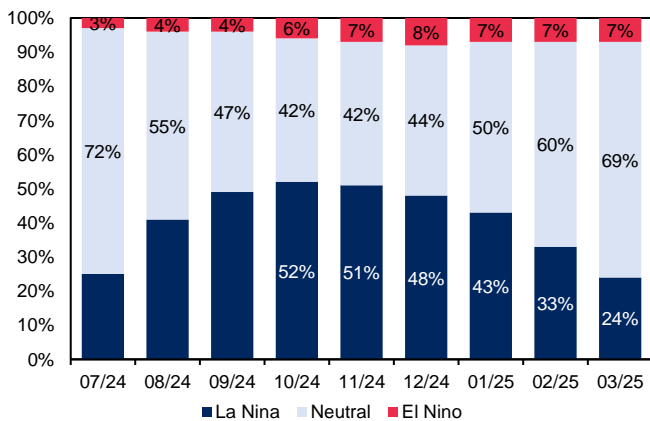
Looking ahead to 2025-26, we see modest downside risk for ASP as we see 2024 price level to be the low base, thus, we forecast a sustainable price uptrend of 1% per annum. In term of outlook prospect, we forecast output mobilization base on 3-year average level due to the unstable nature of hydropower. Overall, 2025-26 revenue increase 9.3% yoy/3.5% yoy to VND1,463bn/VND1,411bn.

Figure 4: National hydropower output mobilization sharply rose from May 2024 thanks to ideal weather condition (Unit: million kWh)



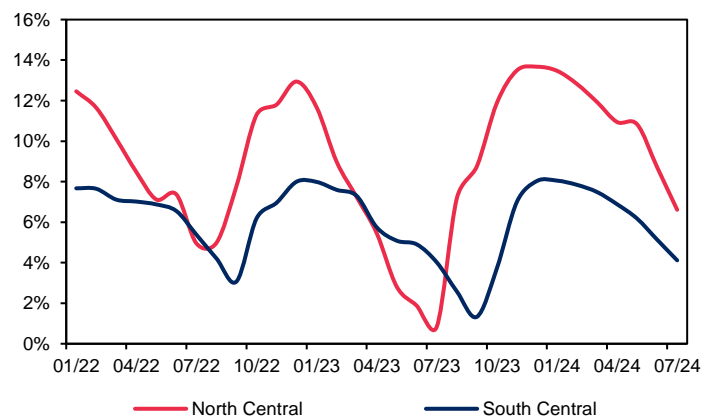
Sources: EVN, MBS Research

Figure 5: El Nino has officially ended from 1Q24, swapping to La Nina phase from 3Q24 with highest possibility



Sources: IRI, MBS Research

Figure 6: 2024 water level among HDG's plants area maintain at more abundant level than 2023 when compared with dead water level



Sources: EVN, MBS Research

Renewable energy: Diminishing legal risk for the solar power portfolio

Given that legal risks associated with solar power have been a key factor affecting HDG's stock performance, we now see a less severe outcome for these projects due to two main reasons: 1) According to the current Proposal no 3015/TTr-BCT, issuing additional and updated plans to implement the PDP8, MOIT suggested to allow projects that are currently violating construction regulation on national mineral land to continue operating until the end of its business cycle; 2) SP Infra 1 investigation came to final conclusion, and it unlikely to have much impact on the projects with minimal legal irregularities. Therefore, we are inclined toward Hong Phong 4 and SP Infra 1 to not suffer any significant consequences at the moment. Notably, HDG does not have any

projects named in the recent documents concerning the investigation into the case of "Abusing position and power while performing official duties," which involves the Ministry of Industry and Trade and various provinces and cities.

In terms of output prospects, we see HDG's solar power plants to maintain optimal output mobilization, coming from the company excellent project implementation. These projects have proven robust generation from 88-93% designed output, securing strong revenue stream for HDG over years. Therefore, over 2024-26, we forecast output to averaging 171m kWh per annum, leading to revenue of VND401bn (+8.7% yoy), VND396bn (-1.4% yoy), VND397bn (+0.3% yoy) respectively.

For wind power, we see 7A Ninh Thuan's output to improve 13% yoy in 2024, after facing turbine technical issues in 2023. For 2025-26, we expect wind power output to stable at reasonable 78-80% designed output under conservative view. Thus, 2024-26 revenue to quote at VND271bn (+19.3% yoy), VND252bn (-6.9% yoy), VND260bn (+3.2% yoy).

Figure 7: Power segment's business results in 2024-26

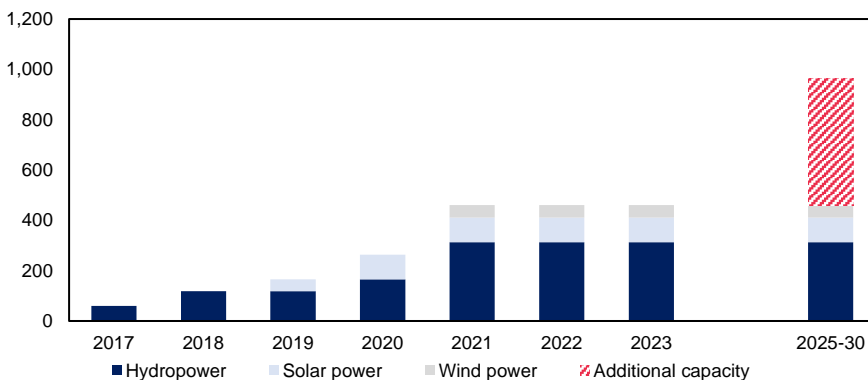
	Capacity	Designed output	2020	2021	2022	2023	2024F	2025F	2026F
	MW	million kWh							
Output	461	1,547	558	902	1,652	1,450	1,481	1,580	1,535
%yoy			-	62%	83%	-12%	2%	7%	-3%
Hydropower	313	1,211	442	709	1,390	1,168	1,182	1,290	1,241
Solar power	98	184	116	168	171	170	171	171	171
Wind power	50	152	-	25	91	112	127	120	123
Average selling price	VND/kWh		1,775	1,789	1,761	1,781	1,868	1,854	1,855
Hydropower			1,213	1,233	1,124	1,146	1,132	1,134	1,137
Solar power			2,153	2,165	2,181	2,171	2,342	2,319	2,319
Wind power			1,957	1,968	1,978	2,027	2,129	2,108	2,108
Revenue	VNDbn		786	1,276	2,116	1,935	2,011	2,111	2,068
%yoy	%		-	62%	66%	-9%	4%	5%	-2%
Hydropower			536	874	1,563	1,339	1,338	1,463	1,411
Solar power			250	364	373	369	401	396	397
Wind power			-	49	180	227	271	252	260
Gross profit	VNDbn		568	926	1,472	1,301	1,373	1,468	1,428
%yoy	%		-	63%	59%	-12%	6%	7%	-3%
Hydropower			381	631	1,096	884	884	1,002	953
%GPM	%		71%	72%	70%	66%	66%	68%	68%
Solar power			188	270	279	275	306	301	302
%GPM	%		75%	74%	75%	75%	76%	76%	76%
Wind power			-	24	96	141	183	165	173
%GPM	%		NA	49%	54%	62%	68%	66%	66%

Sources: HDG, MBS Research

About capacity development plant, HDG committed to its original plan, double its capacity by 2030 with a long pipeline of projects. Currently, the company is under process of acquiring two small hydropower plants Son Linh (15MW), Son Nham (9MW) with plans to expand their capacities to ~22-25MW. For RE power, HDG is following a new wind power plant – Binh Gia (80MW) in Lang Son, the

BoD has shared that the plant to locate at prime location with optimal wind speed of averaging 6.8m/s, ensuring the projects profitability. Besides, the company also follows Phuoc Huu wind power (50MW) in Ninh Thuan, and other projects which included in the PDP8 such as Ea H'leo (57MW), Huong Phung (30 MW), Soc Trang (40MW), and An Phong (300MW). At the moment, we have excluded these projects from the valuation model due to limited information. However, we expect the introduction of new RE mechanism – if officially announced in end-24 to be great motivation for company to initiate these projects from 2025.

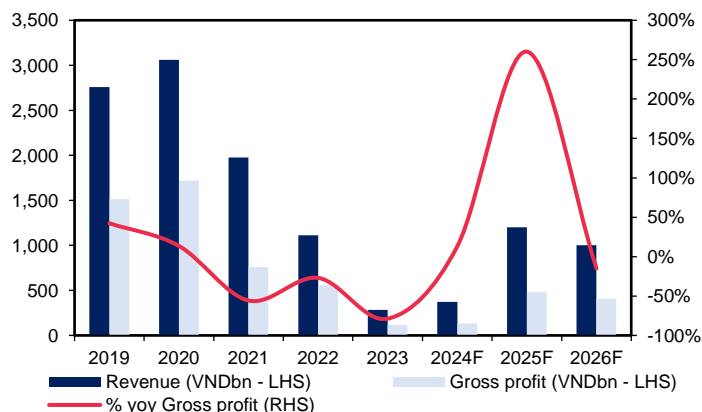
Figure 8: HDG planned to double its capacity during 2025-30 period, by developing mainly on new hydropower and wind power plants (Unit: MW)



Sources: HDG, MBS Research

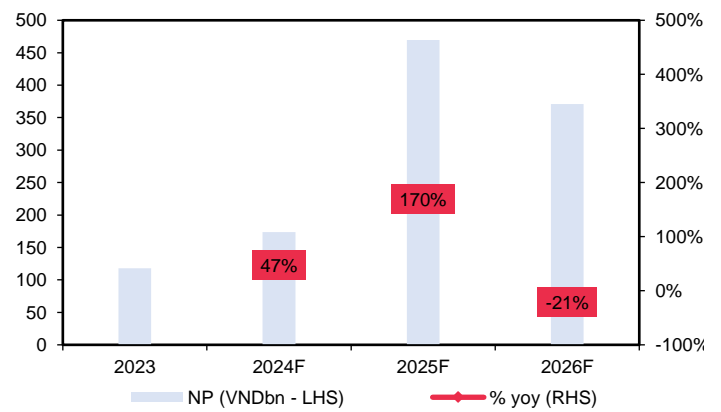
Residential property: Charm villa sale expect to launch from end-24

Figure 9: Charm Villa Phase 3 sales to launching at soonest 4Q24, becoming the growth engine for 2025-26....



Sources: HDG, MBS Research

Figure 10: ...Thus, residential property net profit to rise accordingly



Sources: HDG, MBS Research

Following HDG's authorities, the company has no specific plan to launch the sales of Charm Villa Phase 3 in the near future. The management explained that the sale strategy is currently on hold due to low demand for low-rise apartments. Hence, we see Charm Villa Phase 3 to be the saving, and its sales could begin at soonest 4Q24, depending on the market condition. Currently, the exterior and landscape of the remaining 108 low-rise units at Charm Villa have been completed, which means that once the project is launched, units can be handed over and revenue can be recorded shortly thereafter. Regarding the sales outlook, we expect a modest absorption rate for high-end low-rise apartment

projects, which may somewhat slow down the sales progress of Charm Villa Phase 3. We forecast that the project will hand over 48% of the total units in 2025, with a conservative selling price of VND110 million per square meter, which is lower than the company's expected price of VND120 million per square meter. The remaining units are projected to be sold in 2026-2027, bringing the total revenue for the entire project to VND2,034bn, with net profit estimated at VND947bn (with a NP margin of 46%).

For upcoming projects, HDG is still awaiting specific guidelines from the new land law to proceed with the legal completion of its projects. Currently, two prominent projects in Ho Chi Minh City—Green Lane and Minh Long—are both stalled due to land use conversion issues. However, there is a positive development, as the government is considering approving a pilot resolution that would allow for the use of other land types for commercial housing. HDG's projects are expected to be among those selected, which could accelerate the legal completion process for these projects, potentially shifting to 2025. Given the current legal uncertainties and limited information on these projects, we have not included these in our valuation model.

2024-26F Earnings Revision

Figure 11: Summary of 2024-26F business outlook

VNDbn	2024	%yoy	Δ%	2025	%yoy	Δ%	2026	%yoy	Δ%	Comment
Revenue	2,923	1%	-18%	3,858	32%	6%	3,663	-5%	11%	
Power	2,011	4%	-4%	2,111	5%	3%	2,068	-2%	3%	Revise up 2025-26 power revenue as we set SP Infra 1 to run at 9.35UScent/kWh rather than 5.0UScent/kWh.
Residential property	371	32%	-48%	1,202	224%	13%	1,001	-17%	37%	Revise down 2024 revenue 48%, reflecting the delay in Charm Villa Phase 3 sales from 2024-26 to 2025-27 period.
Office leasing & Hotel	414	-2%	2%	422	2%	2%	429	2%	2%	
Other	128	-47%	0%	123	-4%	0%	164	33%	0%	
Gross profit	1,832	7%	-16%	2,403	31%	4%	2,250	-6%	12%	
%GPM	63%	3%	0%	62%	0%	0%	61%	-1%	0%	
Power	1,373	3%	-3.2%	1,468	7%	-2.1%	1,428	-2.7%	2.2%	
Residential property	237	45%	-48%	721	204%	15%	593	-18%	42%	Revise down 2024 property gross profit by 48%, according to revenue
Office leasing & Hotel	209	8%	1%	201	-4%	1%	212	6%	0%	
Other	13	-47%	0%	12	-4%	0%	16	33%	0%	
SG&A	198	11%	-11%	245	24%	2%	240	-2%	8%	
EBIT	1,550	7%	-17%	2,135	38%	0%	1,987	-7%	7%	
Financial income	71	77%	-7%	117	65%	-3%	143	22%	-1%	
Financial expenses	446	-9%	-6%	411	-8%	-7%	386	-6%	-8%	Revise down 2024-25 financial expenses by 6-7%, reflecting new loans with lower interest rate policy among hydropower plants.
Pretax profit	1,182	17%	-20%	1,850	57%	2%	1,753	-5%	17%	
%pretax margin	40%	5%	0%	48%	8%	0%	48%	0%	0%	
Tax expenses	194	92%	-18%	316	63%	2%	299	-5%	7%	
NPAT	988	9%	-21%	1,533	55%	6%	1,454	-5%	11%	
Minority interest	211	9%	-15%	240	14%	-11%	238	-1%	-6%	
Net profit	776	9%	-22%	1,293	67%	4%	1,215	-6%	18%	2024-26 NP to adjust -22%/+4%/+18%, respectively.
EPS (VND/share)	2,145	9%	-22%	3,558	66%	4%	3,329	-6%	18%	

Sources: HDG, MBS Research

Financial statements

Income statement	2023	2024F	2025F	2026F	Cash flow statement	2023	2024F	2025F	2026F
Net revenue	2,882	2,923	3,858	3,663	Pre-tax profit	1,007	1,182	1,850	1,753
Cost of sales	(1,166)	(1,091)	(1,455)	(1,413)	Depreciation & amortization	461	545	545	545
Gross profit	1,716	1,832	2,403	2,250	Tax paid	(194)	(316)	(299)	(268)
Gen & admin expenses	(171)	(136)	(147)	(153)	Other adjustments	(962)	543	(134)	(279)
Selling expenses	(8)	(62)	(98)	(87)	Change in working capital	32	239	270	92
Operating profit	1,454	1,550	2,135	1,987	Cash flow from operations	426	2,304	2,203	1,804
Operating EBITDA	1,920	2,101	2,685	2,538	Capex	(248)	(50)	(50)	(159)
EBIT	1,496	1,628	2,261	2,139	Proceeds from assets sales	21	21	28	27
Interest income	40	71	117	143	Cash flow from investing activities	(674)	(804)	(255)	(411)
Financial expense	(489)	(446)	(411)	(386)	New share issuance	612	-	-	-
Net other income	2	7	9	9	Net borrowings	(693)	(104)	(521)	(356)
Income from associates	-	-	-	-	Other financing cash flow	-	-	-	-
Pre-tax profit	1,007	1,182	1,850	1,753	Dividends paid	(119)	(459)	-	-
Tax expense	(101)	(194)	(316)	(299)	Cash flow from financing activities	(201)	(563)	(521)	(356)
NPAT	906	988	1,533	1,454	Cash and equivalents at beginning of period	694	246	1,183	2,610
Minority interest	(194)	(211)	(240)	(238)	Total cash generated	(449)	937	1,427	1,037
Net profit	712	776	1,293	1,215	Cash and equivalents at the end of period	246	1,183	2,610	3,647
Ordinary dividends	(176)	(514)	(96)	(96)					
Retained earnings	592	318	1,293	1,215					
Balance sheet	2023	2024F	2025F	2026F	Key ratios	2023	2024F	2025F	2026F
Cash and equivalents	246	1,183	2,610	3,647	Net revenue growth	-19.5%	1.4%	32.0%	-5.1%
Short term investments	388	1,163	1,396	1,675	EBITDA growth	-23.8%	9.4%	27.8%	-5.5%
Accounts receivables	1,941	1,563	2,168	2,161	EBIT growth	-28.4%	6.6%	37.7%	-6.9%
Inventories	1,050	913	552	383	Pre-tax profit growth	-37.2%	17.3%	56.5%	-5.2%
Other current assets	37	38	50	47	Net profit growth	-35.1%	9.1%	66.5%	-6.0%
Total current assets	3,661	4,859	6,775	7,914	EPS growth	-42.6%	10.1%	65.9%	-6.5%
Tangible fixed assets	10,465	9,592	9,413	9,284					
Intangible fixed assets	278	273	268	263	Gross profit margin	59.5%	62.7%	62.3%	61.4%
Construction in progress	894	250	250	250	EBITDA margin	66.6%	71.9%	69.6%	69.3%
Investments in subsidiaries	2	3	4	5	Net profit margin	24.7%	26.6%	33.5%	33.2%
Investments in associates	63	63	63	63	ROAE	11.9%	12.3%	16.6%	13.5%
Other long-term investments	759	726	692	659	ROAA	4.9%	5.2%	7.7%	6.9%
Other long-term assets	140	142	188	178	ROIC	5.6%	5.9%	9.0%	7.9%
Total non-current assets	10,946	10,070	9,932	9,789					
Total assets	14,607	14,929	16,707	17,702	Asset turnover ratio	23.6%	23.9%	31.6%	30.0%
					Dividend payout ratio	16.8%	59.1%	0.0%	0.0%
Short-term borrowings	617	1,065	896	892	D/E	74.2%	67.8%	50.2%	40.5%
Trade accounts payable	379	403	512	500	Net debt to total equity	102.3%	86.3%	77.6%	55.9%
Other payables	1,399	1,262	1,706	1,660	Net debt to asset	35.9%	35.5%	32.9%	26.1%
Total current liabilities	2,395	2,731	3,114	3,051	Interest coverage ratio	3.1	3.7	5.2	5.2
Long-term borrowings	4,809	4,257	3,905	3,553					
Other long-term payables	88	90	118	112	Days account receivable	246	195	205	215
Total long-term liabilities	4,897	4,346	4,023	3,665	Days inventory	329	305	139	99
Total liabilities	7,292	7,077	7,137	6,717	Days account payable	26	37	32	34
Common shares	3,058	3,058	3,058	3,058	Current ratio	1.5	1.8	2.2	2.6
Share premium	-	-	-	-	Quick ratio	1.1	1.4	2.0	2.5
Treasury shares	-	-	-	-	Cash ratio	0.1	0.4	0.8	1.2
Undistributed earnings	2,377	2,695	3,988	5,203					
Investment and development funds	569	577	762	723	Valuation				
Foreign exchange differences	-	-	1	2	EPS (VND/share)	1,948	2,145	3,558	3,329
Shareholders' equity	5,435	5,752	7,046	8,261	BVPS (VND/share)	17,851	18,821	23,214	26,714
Minority interest	1,311	1,523	1,763	2,002	P/E (x)	13.2	12.0	7.2	7.7
Total shareholders' equity	6,003	6,329	7,807	8,984	P/B (x)	1.4	1.4	1.1	1.0
Total liabilities & equity	14,607	14,929	16,707	17,702					

Sources: Company report, MBS Research

DISCLAIMER

This report has been written and distributed by MBS Research Center, MBS Securities JSC (MBS). It is based on information obtained from sources believed to be reliable, but MBS does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness for any particular purpose. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained herein does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report and all of its content belongs to MBS. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of MBS.

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 sector have, on a market cap-weighted basis, a positive absolute recommendation

Neutral Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Negative Stocks in the sector 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.

Address:

MB Building, 21 Cat Linh, Dong Da Dist., Hanoi

Tel: + 8424 7304 5688 - Fax: +8424 3726 2601

Website: www.mbs.com.vn

MBS RESEARCH DEPARTMENT

Director, Head of Research

Hien Tran Thi Khanh

Deputy Head of Equity Research

Dzung Nguyen Tien

Macro & Market Strategy

Hung Ngo Quoc

Ha Anh Dinh

Banking – Financial Services

Luyen Dinh Cong

Hao Nguyen Duc

Real Estate

Duc Nguyen Minh

Tri Nguyen Minh

Thanh Le Hai

Consumer - Retail

Ly Nguyen Quynh

Industrials – Energy

Tung Nguyen Ha Duc

Huyen Pham Thi Thanh