

## Kinh Bac City Development Holding Corporation (HSX: KBC)

### Overcoming legal hurdles in 2025

- We forecast 2024 net profit (NP) to decline 64% yoy due to slow land handover process;
- We forecast NP to rebound 20%/30% yoy in FY25-26F thanks to increasing land handover area and reduced financial pressure after capital issue;
- We recommend ADD for KBC with target price of VND35,100/share.

#### 2024 NP is forecast to shrink due to slow land handover process

In 9M24, revenue and NP decreased by 58% and 82% yoy, respectively, NP reached only 30% of our forecast. We forecast 2024 NP would be lower compared to the average NP of the last 5 years. For industrial property, we forecast the handover area would reach 48 ha, down 68% yoy, thereby experiencing a 63% yoy decrease in revenue. On the contrary, for residential property, revenue is expected to increase more than 6 times yoy thanks to the handover of Nenh and Trang Due social housing, but profit margin is low. In addition, the company would not book extraordinary income like previous years, thereby we forecast 2024 NP to decrease 64% yoy from 2023 high base.

#### FY25-26F NP is expected to rebound 20%/30% yoy from 2024 low base

In 2025-26, we expect Trang Due 3 industrial park (IP) to be approved for investment certificate, making long-term growth. Trang Cat urban area has made new steps forward, gradually completing legal procedures to put into construction and exploitation. Cautiously, we have not included these two key projects in our forecast. We forecast NP would reach VND881 billion (+20% yoy)/ VND1,148 billion (+30% yoy) in FY25-26F thanks to more land handover area and reduced financial expenses after the private placement offering.

#### Recommend ADD with a target price of VND 35,100/share

We recommend ADD for KBC with a target price 10% lower compared to the previous report due to the following factors (1) the legal status of industrial and residential projects is behind schedule, leading to a 41%/42% decrease in FY25-26F NP compared to our previous forecast (2) changing the valuation method of Trang Cat to DCF (its valuation increases by 25.4%), (3) adding the private placement offering of 250 million shares following the base case (issuance price of VND 22,000/share). We find that KBC is the stock pick in 2025-26 with the investment thesis (1) The prospect of the industrial market is brighter thanks to the "China +1" strategy when Donald Trump takes power as US President (2) Trang Due 3 and Trang Cat projects are likely to be put into operation soon (3) KBC's financial health is better after capital issue.

VNDbn	2023	2024F	2025F	2026F
Revenue	5,618	3,194	3,481	4,082
NP	2,031	734	881	1,148
Revenue growth	491.3%	-43.1%	9.0%	17.3%
NP growth	33.0%	-63.9%	20.0%	30.3%
Gross margin	65.8%	45.4%	37.8%	40.7%
EBITDA margin	55.9%	34.8%	40.9%	41.5%
ROAE	11.9%	4.0%	4.0%	4.4%
ROAA	5.9%	1.9%	2.0%	2.4%
EPS (VND/share)	2,646	956	987	1,128
BVPS (VND/share)	23,679	24,635	24,853	25,981

(Source: KBC, MBS Research)

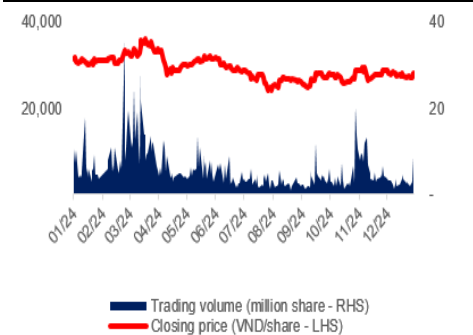
ADD

Target price **VND 35,100**  
Upside **24.4%**

#### Key changes in the report

- Decreasing FY24-26F EPS by 38%/41%/42%.

#### Information



Source: MBS Research

Current price (VND)	28,300
52W High (VND)	36,100
52W Low (VND)	24,350
Market Cap (VNDbn)	21,723
P/E (TTM)	50.7
P/B	1.2
Dividend yield (%)	0%
Foreign ownership (%)	18.8%

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

#### Ownership

Mr. Dang Thanh Tam	18.06%
Kinh Bac Investment and Consultancy JSC	8.11%

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



#### Analyst

**Duc Nguyen Minh**

Duc.nguyenminh@mbs.com.vn

# Kinh Bac City Development Holding Corporation

## Investment thesis and Valuation

### Investment thesis

- (1) The prospect of the industrial market is brighter thanks to the “China+1” strategy when Donald Trump takes power as US President;
- (2) Trang Due 3 and Trang Cat projects are being accelerated to be put into operation soon;
- (3) The private placement offering of 250 million shares to strategic investors. The company’s financial healthy is better after capital issue.

### Valuation

We recommend ADD for KBC with a target price of VND 35,100/share by the end of 2025, with potential upside of 24.4%.

Figure 1: Valuation for KBC

Project	Ownership	Valuation (VNDbn)	Valuation for KBC	Method	Notes
<b>Industrial property</b>			<b>5,736</b>		For IPs with relatively stable cashflows, we apply the DCF method with a WACC of 15.2%. Other IPs in Long An, Thai Nguyen, Hau Giang, Hai Phong provinces are still in the legal process so we do not include them in our valuation model.
Nam Son - Hap Linh	100%	787	787	DCF	
Quang Chau Ext	89%	-	-	DCF	
Tan Phu Trung	73%	2,022	1,472	DCF	
Trang Due 3	89%	2,735	2,441	DCF	
Hung Yen industrial cluster	94%	1,102	1,035	DCF	
<b>Residential property</b>			<b>17,376</b>		The Nenh and Trang Due social housing projects have been put into construction and operation since 2024, so we apply the DCF method. Phuc Ninh and Khu Ngoai Giao Doan projects are completing legal procedures, so we apply a coefficient of 1.3 times BV (equivalent to the forward P/B ratio of the residential property industry)
Trang Due	89%	3	3	DCF	Including the social housing project
Trang Cat	100%	15,266	15,266	DCF	We use the DCF method, rather than the P/B method, to estimate the project’s fair value.
Phuc Ninh	100%	1,452	1,452	P/B	
Nenh socail housing	76%	453	344	DCF	
Khu Ngoai Giao Doan	100%	311	311	P/B	
<b>Others</b>			<b>1,846</b>		
<b>Total assets</b>			<b>24,958</b>		

Project	Ownership	Valuation (VNDbn)	Valuation for KBC	Method	Notes
(+) Cash and cash-equivalents			9,750		We assume that KBC would offer 250 million shares privately at a price of VND 22,000/share.
(+) Short-term investments			2,019		
(+) Investments in associates & joint ventures			4,378		These investments are not effective so we apply the book value.
(+) Investments in other companies			406		
(-) Debts			3,616		
(-) Minority interests			2,136		
<b>Equity value</b>			<b>35,759</b>		
Share outstanding			1,017,604,759		Number of shares outstanding after private placement offering.
<b>Value per share (VND/share)</b>			<b>35,141</b>		

(Source: KBC, MBS Research)

Figure 2: Peer comparison

Company name	Ticker	Market price	Target price	Recommendation	Market Cap (VNDbn)	P/E		P/B		ROE (%)		ROA (%)	
						2024	2025	2024	2025	2024	2025	2024	2025
Becamex IDC	BCM	70,000	82,500	ADD	72,450	40.8	36.3	3.8	2.7	9.4	8.4	3.3	3.6
Kinh Bac	KBC	28,300	35,100	ADD	21,723	36.8	35.7	1.4	1.4	4.0	4.0	1.9	2.0
IDICO	IDC	53,400	55,500	HOLD	17,622	9.8	9.7	3.2	2.8	34.7	31.2	9.7	9.3
Sonadezi Chau Duc	SZC	41,000	39,300	HOLD	7,379	22.9	21.3	2.4	2.3	13.4	10.9	4.2	4.0
<b>Average</b>						<b>27.6</b>	<b>25.8</b>	<b>2.7</b>	<b>2.3</b>	<b>15.4</b>	<b>13.6</b>	<b>4.8</b>	<b>4.7</b>

(Source: MBS Research)

### Downside risks

- (1) Risk of economic recession causing demand for industrial land to decrease;
- (2) Risk of Trang Due 3 and Trang Cat delays due to legal issues and land clearance;
- (3) Higher land clearance costs after the new Land Law takes effect.

## 9M24 business results

Figure 3: KBC's business results in 9M24

VNDbn	3Q24	yoy (%)	9M24	yoy (%)	% MBS forecast	Comments
<b>Revenue</b>	<b>950</b>	<b>284%</b>	<b>1,994</b>	<b>-58%</b>	<b>45%</b>	In 3Q24, revenue grew above the 3Q23 low base. Overall, in 9M24, revenue decreased by 58% yoy due to a reduction in revenue from leasing industrial land.
- <i>Industrial property</i>	585	2157%	1,117	-76%	35%	In 3Q24, the land handover area of Nam Son - Hap Linh IP and Quang Chau IP was 12.4 ha and 2 ha respectively, while there was no land handover in 3Q23. In 9M24, the land handover area reached 29.7 ha, of which Nam Son - Hap Linh IP was 17.5 ha and Quang Chau IP was 12.2 ha, much lower than 131.8 ha of 9M23.
- <i>Residential property</i>	196	294%	422	432%	66%	In 3Q24, revenue increased 4 times yoy thanks to the handover of the Nenh social housing project.
- <i>Service fees</i>	116	7%	311	11%	77%	
Gross margin	38%	-7 pts	45%	-24 pts	-11 pts	
- <i>Industrial property</i>	40%	N/A	53%	-19 pts	-10 pts	Gross margin decreased due to increased costs of IPs
- <i>Residential property</i>	12%	-7 pts	12%	-23 pts	-11 pts	The gross margin of social housing projects is much lower than other types of residential property.
- <i>Service fees</i>	71%	0 pts	59%	0 pts	3 pts	
Selling expenses	21	188%	73	-76%	37%	
Administrative expenses	111	63%	339	-6%	96%	
SG&A	132	75%	412	-39%	75%	
% SG&A/revenue	14%	-17 pts	21%	7 pts	8 pts	
Interest income	116	101%	294	-16%	84%	In 9M24, financial income was lower due to no more profit from equity transfer.
Financial expenses	85	119%	193	-41%	34%	Financial expenses declined due to interest expenses decreasing by 35% yoy.
Pre-tax profit	250	431%	600	-77%	35%	
Tax expense	49	71%	203	-64%	60%	
<b>NP</b>	<b>196</b>	<b>4048%</b>	<b>352</b>	<b>-82%</b>	<b>30%</b>	In 3Q24, NP jumped from 3Q23 low base. But, in 9M24, NP shrank by 82% yoy, reaching only 30% of our forecast.

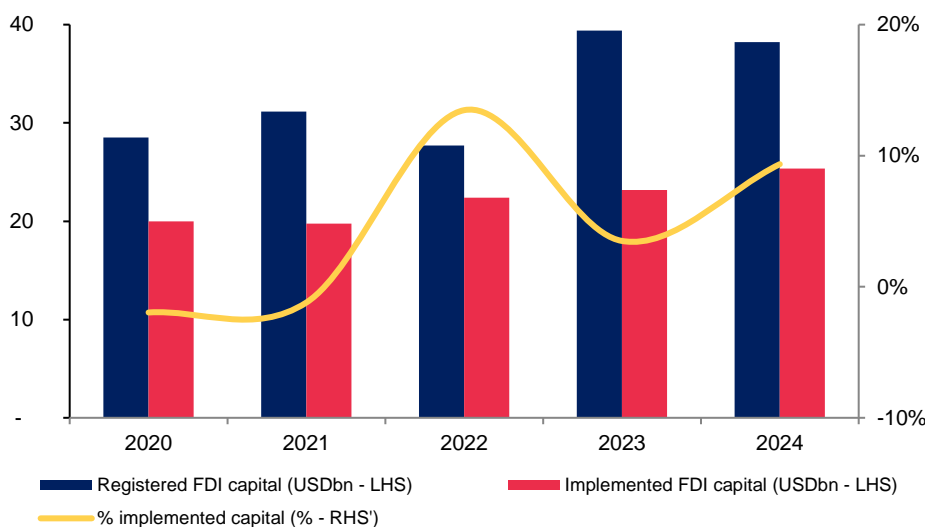
(Source: KBC, MBS Research)

## Industrial property: We expect Trang Due 3 IP to be approved in 2025

### FDI growth slowing down

In 2024, registered FDI capital reached USD 38.2 billion (-3.0% yoy) and implemented FDI capital stood at USD 25.3 billion (+9.4% yoy). This is a good growth rate in the context of a difficult world economy when many countries tightened monetary policies. However, we find FDI inflows are slowing down as foreign enterprises await new policies of President Donald Trump and Vietnamese Government.

Figure 4: FDI capital flows into Vietnam since 2020



(Source: Ministry of Planning and Investment, MBS Research)

### New investment support policy promotes investment in high-tech industry

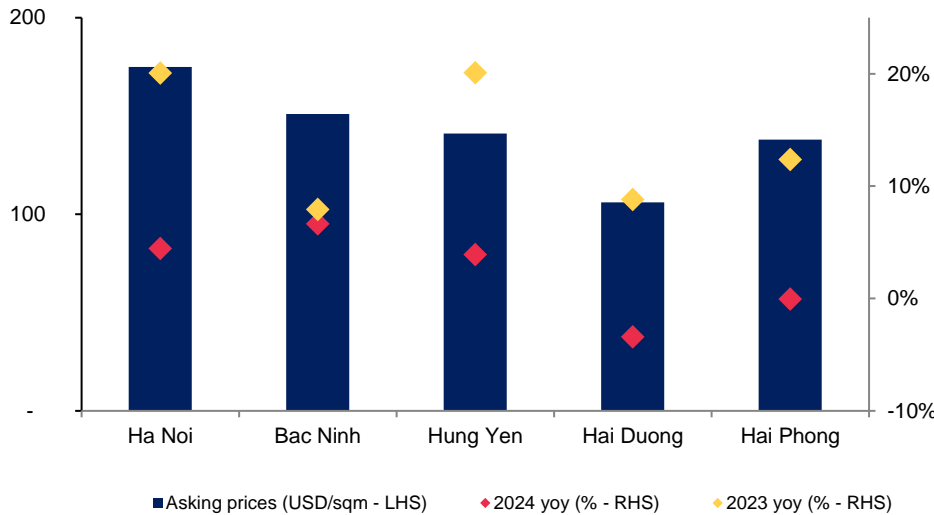
Vietnamese Government has issued Decree 182/2024/ND-CP dated December 31, 2024 on the establishment, management and use of the Investment Support Fund. The fund was established to support enterprises affected by the global minimum tax policy in high-tech industry (semiconductor, chip, AI, etc.). Accordingly, enterprises investing or having projects in the industry receive support in cash for human resource costs, research costs, fixed asset costs, product-manufacturing costs and infrastructure investment costs. The support period is 5 years. We find that the policy helps Vietnam increase its competitiveness in attracting FDI capital when applying the global minimum tax, but the scope only applies for high-tech industry, and the support period is relatively short compared to business cycle.

### Asking prices slow down in the Northern market

According to Cushman & Wakefield (CW), as of 3Q24, the average primary asking price in the Northern market increased slightly by 5.7% yoy, compared to 10.2% yoy in 3Q23. We find the upward momentum of asking prices tends to slow down. Asking prices in Hanoi and Hung Yen provinces experienced a 4% yoy increase in 2024, lower than in 2023 (20%). In Bac Ninh, asking prices

maintained an increase of 7-8% yoy. Meanwhile, asking prices remained stable in Hai Phong and decreased yoy in Hai Duong. The reason is that demand for industrial land slowed down in 2024, registered FDI capital decreased by 3% yoy. We expect asking prices to increase slowly or remain stable in 2025, but in the long term, land prices maintain an average increase of 5-9% per year.

Figure 5: Asking prices slow down in the Northern market



(Source: CW, MBS Research)

### Slow land handover in existing IPs

Figure 6: IPs in operation

IP	Location	Ownership	Total area (ha)	IP land area (ha)	2024			2025			2026			
					Rental rate	Rental area	Revenue	Rental rate	Rental area	Revenue	Rental rate	Rental area	Revenue	
<b>Fully occupied IPs</b>														
Que Vo 1	100%	300	171	100%										
Que Vo 2	100%	311	192	100%										
Trang Due 1	89%	188	129	100%										
Trang Due 2	89%	214	133	100%										
Quang Chau	89%	426	307	100%										
<b>IPs being commercialized</b>														
Nam Son - Hap Linh	100%	300	204	59%	146	25	996	156	20	870	167	20	949	
Quang Chau Ext	89%	90	67	95%	130	16	546	137	0	0	143	0	0	
Tan Phu Trung	73%	543	347	68%	182	8	365	191	5	261	201	10	559	
Trang Due 3	89%	687	456	0%										
Hung Yen IP	94%	225	151	0%										

(Source: KBC, MBS Research)

Currently, KBC is operating three IPs including Nam Son-Hap Linh IP, Quang Chau IP and Tan Phu Trung IP. The total land area is 930 ha, the industrial land area is 618 ha, the remaining land area is about 170 hectares by the end of 3Q24.

- ✓ Nam Son-Hap Linh IP in Bac Ninh: The total land area is 300 ha, the industrial land area is 204 ha. The occupancy rate reached 58.5%. The asking price is about 140-150 USD/sqm. In Bac Ninh, the industrial land area is not much left, while the demand of industrial land is constantly

increasing, especially from Korean enterprises. This is a industrial center in the North focusing on high-tech industry. Therefore, we expect it to be fully filled in the next 3-4 years, the asking price will grow by an average of 7% per year.

- ✓ Quang Chau Ext IP has a total area of 90 ha and a industrial land area of 67.4 ha. The occupancy rate stood nearly 95% by the end of 3Q24. We expect KBC to hand over the remaining area (about 4 ha) in 4Q24. Thereby, industrial revenue and profit are expected to reach VND 546 billion and VND150 billion in 2024, respectively.
- ✓ Tan Phu Trung IP in Ho Chi Minh City has a remaining industrial area of 110 ha, with a high asking price of USD 180-190/sqm. The project has about 33 ha of uncleared land. In 9M24, the company did not record revenue from Tan Phu Trung IP. Therefore, we adjust the land handover area from 25 ha to 7.5 ha in 2024, thereby booking revenue of VND 365 billion and profit of about VND 100 billion.

*Key projects are being completed legally*

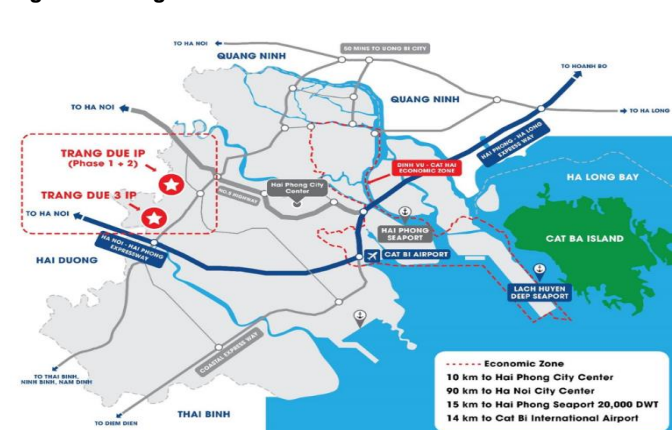
- ✓ Trang Due 3 IP is a key project in the coming time. The project is approved for the investment certificate. According to BOD, the company has compensated for about 200 ha, which can be leased immediately (currently LG is ready to lease 62 ha of industrial land as soon as possible). Thereby, the project is expected to bring cash flow from 2026, with an average area of 50 ha and asking price growing by 7% per year.
- ✓ Hung Yen industrial cluster covers an area of 225 ha, located in the Northern key economic region, 50 km from Hanoi. The project has compensated 32 ha, and its master plan was approved in February 2024. In addition, KBC is researching and developing some new IPs such as Tan Tap IP (654 ha), Loc Giang (466 ha), Phu Binh (675 ha), Song Hau 2 (380 ha) and a number of industrial clusters in Long An and Hai Phong.

In summary, we forecast land handover area to reach 48/30/40 ha in 2024-26. Industrial revenue is expected to stand at VND 1,908/1,346/1,969 billion, changing -63%/-29%/+46% yoy, down 41%/72%/62% respectively compared to our previous forecast.

Figure 7: Nam Son – Hap Linh IP



Figure 8: Trang Due 3 IP



(Source: KBC)



## Residential property: Social housing projects are the primary driver in 2024-25

Figure 9: Residential projects under development

Project	Location	Ownership	Land area (ha)	Status
Trang Due	Hai Phong	89%	42	The company is completing legal procedures to book revenue for the remaining 15 units. In addition, the company is planning to expand to 73 ha.
Trang Due social housing	Hai Phong	89%	3	3 blocks (768 units) of Phase 1 are under construction, expected to be handed over in 2024-26.
Trang Cat	Hai Phong	100%	585	Approved for 1/500 planning, waiting for approval of additional land use fee and construction permit. The project is expected to operate in 2025-26.
Phuc Ninh	Bac Ninh	100%	115	Waiting for legal approval to book revenue
Nenh social housing	Bac Giang	76%	12.6	Handing over house to customer
Khu Ngoai Giao Doan	Ha Noi	100%	2	Looking for investment partner

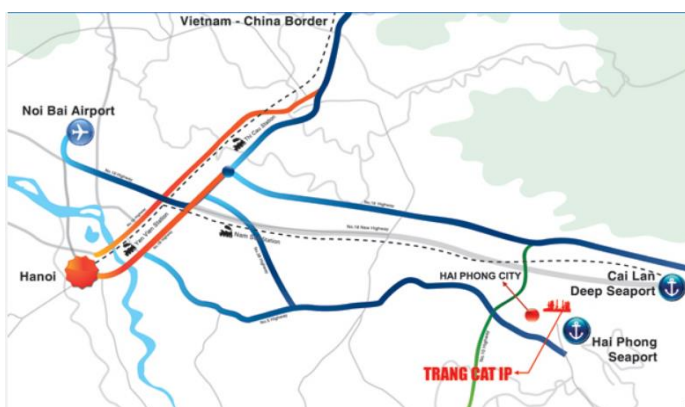
(Source: KBC, MBS Research)

### Trang Cat urban area has new steps forward

Trang Cat urban area has an area of 585 ha, a residential area of 282 ha, a total infrastructure investment of VND 11,329 billion. The project has been handed over, approved for land clearance, and has been compensated 582 ha. The company has paid VND 3,500 billion of land-use fee. Due to the adjustment of the 1/500 planning, total land area increases by 73 ha, so the company must pay additional land-use fee to be granted construction permit. By the end of 3Q24, KBC invested VND 8,380 billion in the project – which is land-use fee and land clearance costs.

The company plans to wholesale, with the price of about VND 25-30 million/sqm. We expect the project to complete legal procedures in 2025-26. According to BOD, the company plan to sell 30-50 ha of land per year, thereby we estimate revenue of VND 8,000-10,000 billion/year and profit of VND 2,500-3,000 billion/year with gross margin of 49%. Currently, Saigon - Ham Tan Tourism JSC, which is related to the Chairman of KBC, has deposited VND 5,650 billion to conduct brokerage, the deposit refund date is September 20, 2025 if not implemented. This is an additional capital for KBC to fulfill its financial obligation as soon as the land-use fee is approved.

Figure 10: Trang Cat urban area



(Source: KBC)



(Source: KBC)



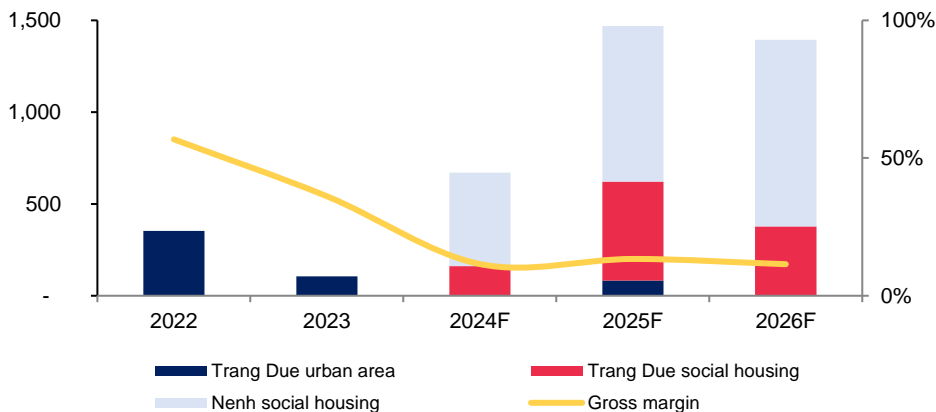
### The others are in the process of completing legal procedures

Trang Due urban area has a total area of 42 ha, a residential area of 23 ha, implemented since 2019. Currently, the project has 15 units waiting for legal procedures to book revenue of VND 80-100 billion. Besides, the social housing project phase 1 (768 units) in Trang Due urban area is under construction, we expect it to book revenue in 2024-25, estimated at about VND 350 billion.

Phuc Ninh urban area has an area of 114.6 ha with a total investment of VND 4,892 billion, including 1,300 villas and shophouses. Up to now, the total area reserved is more than 12 ha, the area booked revenue is 2.51 ha. The total value of the reservation agreement is more than VND 1,591 billion, the revenue booked is VND 345 billion. The remaining revenue is waiting for legal approval to be booked.

In general, real estate projects are gradually being unstuck. The Nenh and Trang Due social housing projects are the main contributors to the company's real estate revenue in 2024-25. We forecast revenue to reach VND 670 billion (+539% yoy)/ VND 1,469 billion (+119% yoy)/ VND 1,394 billion (-5% yoy) in FY24-26F.

Figure 11: Real estate revenue



(Source: KBC, MBS Research)

### Private placement offering

KBC has approved the private placement offering of 250 million shares, equivalent to 32.57% of shares outstanding, to 11 professional investors, including domestic and foreign investors. The number of shares offered are not transferred in one year. The offering price is equal to 80% of the average closing price of the 30 trading sessions before the State Securities Commission's approval, but not lower than VND 16,200/share. The offering period is 1Q-3Q/25 after approval. The proceeds are used to restructure debts and supplement working capital. The offering greatly affects the shareholders' interests, we build three cases of the offering:

Figure 12: Three cases of private placement offering

	Offering price (VND/share)	Proceeds (VNDbn)	
Worst case	16,200	4,050	Minimum price
Base case	22,000	5,500	80% of the average closing price of the 30 trading sessions
Best case	25,000	6,250	Expected price

(Source: KBC, MBS Research)

## We adjust FY24-26F NP down 38%/41%/42%

Figure 13: FY24–26F business results according to base case

VNDbn	2023	2024	yoy	% change	2025	yoy	% change	2026	yoy	% change	Comments
<b>Revenue</b>	<b>5,618</b>	<b>3,194</b>	<b>-43%</b>	<b>-28%</b>	<b>3,481</b>	<b>9%</b>	<b>-44%</b>	<b>4,082</b>	<b>17%</b>	<b>-49%</b>	
<i>Industrial property</i>	5,221	1,908	-63%	-41%	1,346	-29%	-72%	1,969	46%	-62%	We have not included Trang Due 3 IP in our forecast.
<i>Residential property</i>	105	670	539%	5%	1,469	119%	89%	1,394	-5%	-33%	The Nenh and Trang Due social housing projects are the primary driver of revenue in 2024-26. We have not included Trang Cat in our forecast because its legal procedures have not been completed..
<i>Service fees</i>	386	413	7%	2%	442	7%	4%	473	7%	6%	We expect service fee revenue to grow 7% per year.
<b>Gross profit</b>	<b>3,695</b>	<b>1,449</b>	<b>-61%</b>	<b>-42%</b>	<b>1,317</b>	<b>-9%</b>	<b>-59%</b>	<b>1,663</b>	<b>26%</b>	<b>-60%</b>	
<i>Industrial property</i>	3,527	1,036	-71%	-49%	744	-28%	-73%	1,082	45%	-63%	
<i>Residential property</i>	38	77	104%	-46%	196	154%	1%	160	-19%	-81%	
<i>Service fees</i>	209	236	13%	4%	261	11%	6%	289	11%	8%	
<b>Gross margin</b>	<b>66%</b>	<b>45%</b>	<b>-20 pts</b>	<b>-11 pts</b>	<b>38%</b>	<b>-8 pts</b>	<b>-15 pts</b>	<b>41%</b>	<b>3 pts</b>	<b>-11 pts</b>	
<i>Industrial property</i>	68%	54%	-13 pts	-9 pts	55%	1 pts	-1 pts	55%	0 pts	-1 pts	We adjust gross margin downward due to increased costs of IPs.
<i>Residential property</i>	36%	12%	-25 pts	-11 pts	13%	2 pts	-12 pts	11%	-2 pts	-29 pts	We revise down because the gross margin of social housing projects is much lower than other types of residential property.
<i>Service fees</i>	54%	57%	3 pts	1 pts	59%	2 pts	1 pts	61%	2 pts	1 pts	
<b>% SG&amp;A/revenue</b>	<b>14%</b>	<b>18%</b>	<b>3 pts</b>	<b>5 pts</b>	<b>11%</b>	<b>-7 pts</b>	<b>-2 pts</b>	<b>11%</b>	<b>0 pts</b>	<b>-2 pts</b>	
<i>Interest income</i>	426	388	-9%	11%	660	70%	16%	677	3%	9%	We increase our forecast for FY25-26F due to proceeds from capital issue.
<i>Financial expenses</i>	426	266	-38%	-53%	433	63%	-40%	337	-22%	-58%	Debts decline thanks to capital issue.
<i>Pre-tax profit</i>	2,891	988	-66%	-42%	1,145	16%	-50%	1,521	33%	-48%	
<b>NP</b>	<b>2,031</b>	<b>734</b>	<b>-64%</b>	<b>-38%</b>	<b>881</b>	<b>20%</b>	<b>-41%</b>	<b>1,148</b>	<b>30%</b>	<b>-42%</b>	We adjust our FY24-26F NP down by 38%/41%/42% due to land handover and legal procedures behind schedule.

(Source: MBS Research)

Figure 14: Sensitivity analysis of FY25-26F NP

	2025	yoy	% versus previous report	2026	yoy	% versus previous report
Worst case	845	15%	-43%	1,075	27%	-46%
Base case	881	20%	-41%	1,148	30%	-42%
Best case	899	23%	-40%	1,185	32%	-40%

(Source: MBS Research)

## Financial Statements

Income statement	2023	2024	2025	2026	Cash flow statement	2023	2024	2025	2026
Revenue	5,618	3,194	3,481	4,082	Pre-tax profit	2,891	988	1,145	1,521
Cost of goods	(1,923)	(1,745)	(2,164)	(2,419)	Depreciation & amortization	133	142	152	164
Gross profit	3,695	1,449	1,317	1,663	Tax paid	-	-	-	-
Gen & admin expenses	(458)	(447)	(278)	(327)	Other adjustments	70	(5,264)	411	331
Selling expenses	(354)	(112)	(96)	(125)	Changes in working capital	(91)	10,278	(3,058)	(1,511)
Operating profit	2,883	890	942	1,211	<b>CF from operations</b>	<b>3,002</b>	<b>6,143</b>	<b>(1,350)</b>	<b>506</b>
Operating EBITDA	2,750	748	790	1,047	Capex	(1,251)	(317)	(218)	(147)
<b>EBIT</b>	<b>2,883</b>	<b>890</b>	<b>942</b>	<b>1,211</b>	Proceeds from assests sales	-	-	-	-
Interest income	426	388	660	677	<b>CF from investing activities</b>	<b>153</b>	<b>(1,079)</b>	<b>(262)</b>	<b>(1,026)</b>
Financial expense	(426)	(266)	(433)	(337)	New share issuance	130	-	5,500	-
Net other income	17	(25)	(25)	(30)	Net borrowings	(3,997)	2,337	(2,380)	(485)
Income from associates&JV	(8)	-	-	-	Other financial cash flow	-	-	-	-
<b>Pre-tax profit</b>	<b>2,891</b>	<b>988</b>	<b>1,145</b>	<b>1,521</b>	Dividend paid	(130)	-	-	-
Tax expense	(646)	(198)	(229)	(304)	<b>CF from financing activities</b>	<b>(3,997)</b>	<b>2,337</b>	<b>3,120</b>	<b>(485)</b>
NPAT	2,245	790	916	1,217	Beginning cash & equivalents	1,683	841	8,242	9,750
Minority interests	214	56	35	69	Total cash generated	(842)	7,401	1,508	(1,006)
<b>NP</b>	<b>2,031</b>	<b>734</b>	<b>881</b>	<b>1,148</b>	<b>Ending cash and equivalents</b>	<b>841</b>	<b>8,242</b>	<b>9,750</b>	<b>8,745</b>
Ordinary dividends	(130)	-	-	-					
Retained earnings	1,900	734	881	1,148					
					<b>Key ratios</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Balance sheet</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	Revenue growth	491%	-43%	9%	17%
Cash and cash-equivalents	841	8,242	9,750	8,745	EBITDA growth	-957%	-73%	6%	33%
Short term investments	1,864	1,996	2,019	2,046	EBIT growth	-1178%	31%	106%	129%
Account receivables	615	1,334	1,262	1,247	Pre-tax profit growth	70%	-66%	16%	33%
Inventories	12,219	13,441	14,785	16,263	NP growth	33%	-64%	20%	30%
Total current assets	25,029	34,508	38,101	39,389	EPS growth	11%	-66%	11%	13%
Fixed assests	449	512	584	666	Gross margin	66%	45%	38%	41%
Construction in progress	-	-	-	-	EBITDA margin	56%	35%	41%	41%
Investment property	1,201	1,125	1,049	973	NP margin	36%	23%	25%	28%
Investments in subsidiaries	-	-	-	-	ROAE	12%	4%	4%	4%
Investments in associates	4,777	4,787	4,785	4,782	ROAA	6%	2%	2%	2%
Other long-term investments	446	632	702	679	ROIC	9%	3%	3%	4%
Total non-current assets	8,405	8,640	8,076	8,194	Asset turnover	0.16	0.08	0.08	0.09
<b>Total assets</b>	<b>33,434</b>	<b>43,148</b>	<b>46,177</b>	<b>47,582</b>	Dividend payout ratio	6%	0%	0%	0%
Short-term borrowings	337	405	486	583	D/E	18%	29%	13%	11%
Accounts payable	436	299	311	301	Net debt to total equity	14%	-11%	-22%	-20%
Other short-term payables	3,429	3,207	2,928	3,276	Net debt to asset	8%	-5%	-13%	-12%
Total current liabilities	6,579	7,281	6,070	6,555	Interest coverage ratio	7.6	3.	2.2	3.6
Long-term borrowings	3,322	5,592	3,131	2,549	Days account receivable	40	152	132	112
Other long-term payables	3,313	9,264	9,550	9,835	Days inventory	2,319	2,811	2,494	2,453
Total long-term liabilities	6,635	14,856	12,680	12,384	Days account payable	83	63	52	45
<b>Total liabilities</b>	<b>13,213</b>	<b>22,137</b>	<b>18,751</b>	<b>18,939</b>	Current ratio	3.8	4.7	6.3	6.0
Common share	7,676	7,676	10,176	10,176	Quick ratio	1.9	2.9	3.8	3.5
Share premium	2,744	2,744	5,744	5,744	Cash ratio	0.4	1.4	1.9	1.6
Treasury shares	-	-	-	-					
Undistributed earnings	7,754	8,488	9,369	10,517	<b>Valuation</b>				
Investment and development funds	2	2	2	2	EPS (VND/share)	2,646	956	987	1,128
Shareholders' equity	18,176	18,910	25,291	26,438	BVPS (VND/share)	23,679	24,635	24,853	25,981
Minority interests	2,045	2,101	2,136	2,205	P/E	13.3	36.8	35.7	31.2
Total shareholders' equity	20,221	21,011	27,427	28,643	P/B	1.5	1.4	1.4	1.4
<b>Total liabilities &amp; equity</b>	<b>33,434</b>	<b>43,148</b>	<b>46,177</b>	<b>47,582</b>					

(Source: KBC's financial statements, 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](http://www.mbs.com.vn)

## MBS RESEARCH DEPARTMENT

### Director, Head of Research

Hien Tran Thi Khanh

### Deputy Head of Equity Research

Dung Nguyen Tien

### Macro & Market Strategy

Hung Ngo Quoc  
Cuong Nghiem Phu  
Anh Dinh Ha  
Anh Vo Duc

### Banking – Financial Services

Luyen Dinh Cong  
Hao Nguyen Duc

### Real Estate

Duc Nguyen Minh  
Thanh Le Hai

### Industrials – Energy

Tung Nguyen Ha Duc  
Huyen Pham Thi Thanh

### Consumer - Retail

Ly Nguyen Quynh