Duc Giang Chemical Group JSC (HOSE: DGC)

Primed for accelerated growth in 2025

- In 3Q24, net profit (NP) reached VND705bn (-7.4% yoy) due to shrinking GPM (-0.3% pts yoy) and rising selling expenses (+43.6% yoy).
- We expect DGC's NP to stay flat in FY24 (+1.2% yoy) before improving 32.3%/20.5% yoy in FY25/26F thanks to the recovery of core businesses and the contribution from Dai Viet alcohol factory and Nghi Son project.
- Reiterate Add with unchanged TP of 128,300VND/share.

ADD

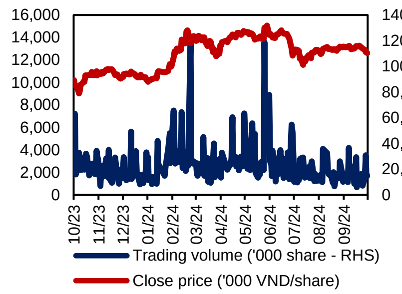
Target price **VND128,300**

Upside *16%*

Major changes:

- Lower FY24/25F EPS by 12.5%/8.9%

Information



Source: Fiinpro, MBS Research

Market price (VND)	110,500
High 52w (VND)	131,800
Low 52w (VND)	76,470
Market cap (VNDbn)	42,687
P/E (TTM)	14.2
P/B	3.1
Dividend yield (%)	2.5
Foreign ownership ratio (%)	18.1

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

Ownership structure

Dao Huu Huyen	18.4
Ngo Thi Ngoc Lan	6.6
Dao Huu Kha	6.0
Dragon Capital	6.3
Others	62.7

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

Shrinking GPM and rising selling expenses eroded 3Q24 NP

In 3Q24, total revenue reached VND2,559bn (+3.9% yoy) in which yellow phosphorus chemicals revenue increased 8.8% yoy thanks to stronger demand from large customers while agricultural phosphates and others decreased 19.4% qoq and 3.3% yoy mainly driven by removing WPA to focus on P4 production. Gross margin in 3Q24 edged up 0.3% pts yoy and plunged 4.7% qoq due to 1) repairing a yellow phosphorus furnace increases costs and 2) reducing self-supply of phosphate rock due to impact of typhoon YAGI. Selling expenses increased 43.6% yoy due to higher logistic cost. Thus, DGC's NP in 3Q24 only achieved VND705bn (-16.3% qoq and -7.4% yoy). Overall, 9M24 NP reached VND2,239bn (-7.1% yoy), fulfilling 64% of our FY24F forecast.

Core business segments poised for robust growth in 2025/26

In 2025, WSTS forecasts a 12.5% growth in the global semiconductor market, reaching an estimated valuation of US$687bn. This growth is expected to be driven primarily by the memory and logic sectors. We expect strong demand from semiconductor support for yellow phosphorus revenue of DGC in 2025/26. We forecast DGC's yellow phosphorus chemicals revenue in FY25/26F to increase 16.5%/14.6% yoy. In addition, we expect that the fertilizer price subsidy in India will help farmers reduce fertilizer input prices and increase fertilizer demand in the coming time. Thus, we forecast agriculture phosphate revenue phosphate to rise 11.5%/3.8% yoy in FY25/26F.

The Dai Viet factory with an annual capacity of 50,000 tonnes/year, produces 96% ethanol from cassava starch for the F&B and healthcare industries. According to DGC, when operating at full capacity, the plant is expected to generate VND1,500bn in revenue annually, with a NP margin of 10%. We forecast ethanol revenue to reach VND990bn/VND1,164bn in FY25/26F. Overall we forecast DGC's NP to increase 1.2%/32.3%/20.5% yoy in FY24/25/26F.

Reiterate Add with unchanged TP of 128,300VND/share

We believe that the lower than expected 3Q24 NP have been reflected in DGC's share price over the past two months. We expect better 4Q24 results thanks to the restart of P4 furnace and higher selling prices to offset the increased transportation costs. DGC is traded at P/E 2025F of 10.1x, 24% discount to its 1-year P/E average, thus we believe it is a suitable time to accumulate the stock giving its leading P4 exporter and strong earnings growth in 2025/26F.

Financial indicators	2023	2024F	2025F	2026F
Net revenue	9,748	10,271	12,757	15,666
Net profit	3,100	3,136	4,151	5,000
Net revenue (yoy)	-32.5%	5.4%	24.2%	22.8%
Net profit (yoy)	-44.3%	1.2%	32.3%	20.5%
Gross margin	35.3%	35.6%	38.7%	38.2%
EBITDA margin	39.8%	38.2%	40.7%	39.5%
ROAE	25.4%	23.5%	25.5%	26.9%
ROAA	22.4%	20.3%	24.7%	27.2%
EPS (VND/share)	8,163	8,259	10,929	13,164
BVPS (VND/share)	31,667	38,768	41,686	50,992

Source: MBS Research

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Duc Giang Chemical Group JSC

Investment thesis & Valuation

Investment thesis

- DGC is the largest exporter of yellow phosphorus in Asia - an important material in semiconductor manufacturing technology and in the F&B industry. DGC is also the only company in the world that can produce yellow phosphorus from apatite ore in both powder and lump forms.
- We forecast DGC's net profit to soar 30.4% yoy in 2025 as 1) the recovery of P4 price due to higher demand from semiconductor market 2) ethanol revenue is expected to reach VND990bn in FY25F, accounting for 7% DGC revenue and 3) higher contribution from agriculture phosphate segment thanks to stronger demand from India market.
- We expect the Nghi Son Caustic Soda (CAV) project to start commercial operation in 1Q26 to be the key growth driver for DGC in 2026. We expect CAV project to contribute 12% of DGC's annual revenue from 2026F.
- DGC is traded at 10.1 for 2025F P/E, a 24% discount to its 1-year P/E average. We believe DGC remains attractively valued as being an Asia's leading P4 exporter and double-digit NP growth in 2025/26F.

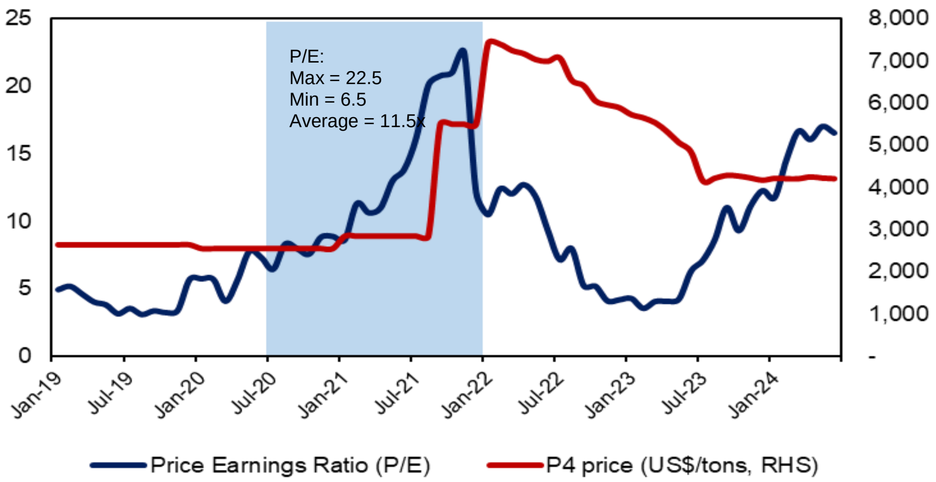
Valuation

We maintain DGC's target price unchanged versus previous reports (VND128,300) on the mix of 1) we decrease EPS 2024/25F by 12.5%/8.9% versus previous forecast due to lower P4 price by 4.5%/6% in 2024/25F and 2) we roll model to 2025F. For P/E method, we use the average P/E of 3Q20-4Q21 (11.5x) as a reference base for the P/E of 2025. We estimate that the bullish cycle of yellow phosphorus will start from 4Q24.

Upside risks include 1) yellow phosphorus price in 2025 increasing stronger-than-expected and 2) Aluminum – Bauxite gets investment license.

Downside risks include 1) sale price of phosphorus correcting stronger than expected, 2) higher input prices (electricity, sulfur, coke) and 3) execution risks of the upcoming Caustic soda project.

Figure 1: DGC's P/E ratio and P4 price in 2019-24



Source: Bloomberg, MBS Research

Figure 2: Multiples (P/E)

Valuation method	
Forecasted Net profit 2025	**4,151**
Number of fully diluted shares in FY25F	379,778,413
FY25F EPS (VND/share)	10,929
Target P/E (x)	11.5
Target price (VND/share)	**125,681**

Sources: MBS Research

Figure 3: Blended target price

Method	Price	Weight	Weight price (VND)
FCFF	130,980	50%	65,490
P/E	125,681	50%	62,841
Average price (vnd)			128,331
Target price (rounded)			**128,300**

Sources: MBS Research

Figure 4: FCFF valuation

FCFF valuation	
Present value of free cash flow firm	25,399
Present value of Terminal value (VNDbn)	13,655
Enterprise value (VNDbn)	39,054
Net cash (VNDbn)	10,692
Equity value (VNDbn)	49,746
No. of outstanding share 2024 (million)	379
Equity value per share (VND/share)	**130,980**

Sources: MBS Research

Figure 5: Cost of equity

WACC and long-term growth	
Risk free rate	3.0%
Beta	1.3
WACC	14.4%
Cost of debt	6.0%
Cost of equity	16.8%
Long term growth	1.5%

Sources: MBS Research

Figure 6 : Free cash flow

	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
EBIT	**4,117**	**4,981**	**5,052**	**5,105**	**5,199**	**5,299**	**5,650**	**6,750**
Depreciation & Amortization	474	502	531	559	588	616	644	673
CAPEX	(1,833)	(283)	(283)	(283)	(283)	(283)	(283)	(283)
Change in Working capital	(321)	(381)	(147)	(139)	(156)	(169)	(176)	(266)
Free Cash Flow (FCF)	2,437	4,819	5,152	5,242	5,348	5,462	5,835	6,873
Tax	(326)	(393)	(408)	(425)	(446)	(472)	(527)	(360)
Free cash flow to firm	**2,111**	**4,426**	**4,744**	**4,817**	**4,902**	**4,990**	**5,308**	**6,513**
PV of FCFF	**2,111**	**3,868**	**3,624**	**3,216**	**2,860**	**2,545**	**2,365**	**2,536**
PV of Terminal Value								**13,655**

Source: DGC, MBS Research

Figure 7: Peer comparison

Company	Sticker	Market cap	P/E (x)		P/B (x)		ROA (%)		ROE (%)	
	Bloomberg	tr USD	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
Hubei Xingfa Chemicals Group Co Ltd	600141 CH	4,239	13.2	10.8	1.1	1.0	4	4.2	11.4	11.4
Yunnan Yuntianhua Ltd	600096 CH	912	6.4	7.6	2.4	1.6	8.5	9	21.9	22.3
Hubei Yihua Chemical Industry Co Ltd	000422 CH	745	7.2	13.8	2.8	1.6	6.3	7.0	19.4	18.3
Anhui Sierte Fertilizer Industry Ltd Co	002538 CH	211	12.9	na	1.3	na	na	na	na	na
Kunming Chuan Jin Nuo Chemical Co Ltd	300505 CH	401	na	na	na	na	na	na	na	na
China General Plastics Corp	1305 TT	326	26.2	24.3	1.1	1	2.1	3.5	4	4
Petrovietnam Fertilizer and Chemical Corp	DPM VN	529	18.2	17.3	na	na	5.6	na	na	na
Petrovietnam Camau Fertilizer JSC	DCM VN	740	11.2	10.3	1.7	1.6	12.3	13.3	14.4	15.2
Average			13.6	14.0	1.7	1.4	6.5	7.4	14.2	14.2
Duc Giang Chemical Group JSC	**DGC VN**	**1,579**	**13.3**	**10.1**	**2.8**	**2.6**	**20.3**	**24.7**	**23.5**	**25.5**

Source: DGC, MBS Research

3Q24 business results disappointed our expectation

Figure 8: 3Q24 business results (VNDbn)

VND(bn)	3Q24	3Q23	qoq growth (%)	yoy growth (%)	9M24	9M23	yoy growth (%)	% vs FY24F forecast	Comments
P4 price (US/tons)	**4,120**	**4,217**	**-2.5%**	**-2.3%**					
Revenue	**2,559**	**2,464**	**2.2%**	**3.9%**	**7,451**	**7,371**	**1.1%**	**66.2%**	
Yellow phosphorus chemicals	*1,581*	*1,453*	11.1%	*8.8%*	*4,339*	*4,468*	-2.9%	*60.1%*	The average price of yellow phosphorus reached US$4,120/ton (-2.5% qoq and -2.3% yoy), yellow phosphorus sales volume soared 47% yoy and 53% qoq thanks to strong demand from large customers such as Misubishi and K.S. While H3P04 revenue declined 44.9% yoy due to switching to P4 production.
Agricultural phosphates and others	*978*	*1,011*	-19.4%	*-3.3%*	*3,112*	*2,903*	7.2%	*80.2%*	Agricultural phosphates and others decreased 19.4% qoq and 3.3% yoy mainly driven by removing WPA to focus on P4 production. However, fertilizer revenue such as DAP and MAP rise 28% and 115% yoy thanks to higher demand from India.
Gross profit	**881**	**839**	**-10.4%**	**5.0%**	**2,630**	**2,670**	**-1.5%**	**65.5%**	
Gross profit margin	34.4%	34.1%	**-4.7**% pts	0.3% pts	35.3%	36.2%	-1.6% pts		Gross margin in 3Q24 edged up 0.3% pts yoy and plunged 4.7% qoq due to 1) repairing a yellow phosphorus furnace increases costs and 2) reducing self-supply of phosphate rock due to impact of typhoon YAGI
Selling expenses	168	117	43.6%	43.6%	390	340	14.6%	77.1%	Selling expenses increased 43.6% yoy due to higher logistic cost.
G&A expenses	40	39	-24.9%	2.1%	120	112	7.0%	66.7%	
Financial income	151	203	-8.8%	-26.0%	480.8	548.7	-12.4%	68.5%	Finiancial income declined 26% yoy drien by lower gain from FX.
Financial expense	22	22	38.1%	1.4%	56.1	66.6	-15.8%	58.9%	
Pre-tax profit	**800**	**863**	**-16.1%**	**7.9%**	**2,535**	**2,698**	**-6.0%**	**64.3%**	
Net profit	**705**	**761**	**-16.3%**	**-7.4%**	**2,239**	**2,389**	**-6.3%**	**64.0%**	DGC's net profit in 3Q24 reached 705VNDbn (-7.4% yoy), lower with our forecast mainly driven by 1) shrinking GPM and 2) higher selling price due to increasing shipping cost.

Source: DGC, MBS Research

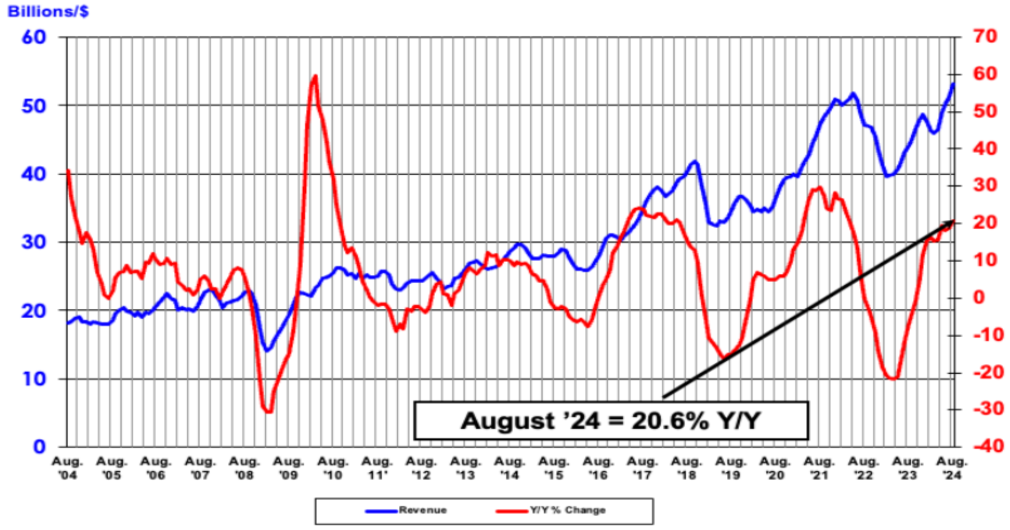
Stronger performance in 2025-26F

The global semiconductor market is poised for impressive growth in 2025

Currently, about 20% of the demand for global phosphorus is driven by the semiconductor sector, and 30% of DGC's product revenue is generated to serve this industry. The latest forecast from the World Semiconductor Trade Statistics (WSTS) projects strong growth for the global semiconductor market in 2024 and 2025. WSTS has adjusted its Spring 2024 forecast upwards, projecting a 16% growth in the global semiconductor market, compared to the previous year. The updated market valuation for 2024 is estimated at US$611bn. This revision reflects stronger performance in the last two quarters, particularly in computing end-markets.

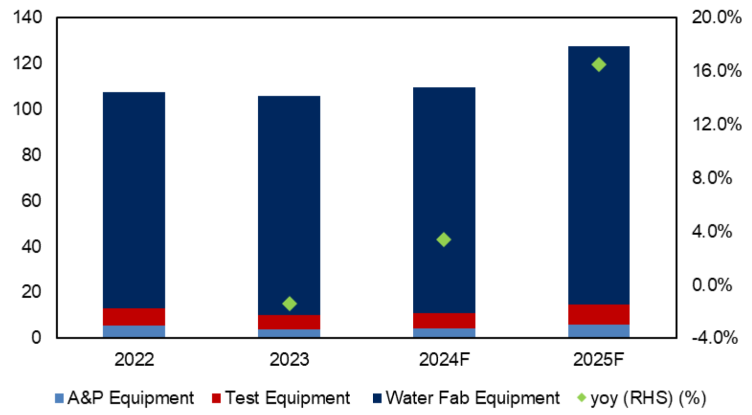
In 2025, WSTS forecasts a 12.5% growth in the global semiconductor market, reaching an estimated valuation of US$687bn. This growth is expected to be driven primarily by the memory and logic sectors. In 2025, all regions are poised for continued expansion. The Americas and Asia Pacific are expected to maintain their double-digit growth yoy in 2025. We expect strong demand from semiconductor support for yellow phosphorus volume of DGC in 2024-26F. We forecast yellow phosphorus chemicals sale volume (yellow phosphorus volume and acid phosphoric volume) to reach 104,000/121,000/136,000 tonnes in FY24F/FY25F/26F. In addition, we expect P4 price to improve from 4Q24 following the recovery of semiconductor, automobile and fertilizer industry. We forecast P4 price increase 1.9%/4.8%/5.5% yoy in FY24/25/26F. Overall, we forecast DGC's yellow phosphorus chemicals revenue in FY24/25F/26F to increase 6.8%/16.5%/14.6% yoy, achieving VND6,259bn/ VND7,293bn/ VND8,357bn.

Figure 9: Global semiconductor sales for the month reached US$53.1bn, (+3.5% mom and +20.6% yoy) in Aug-24



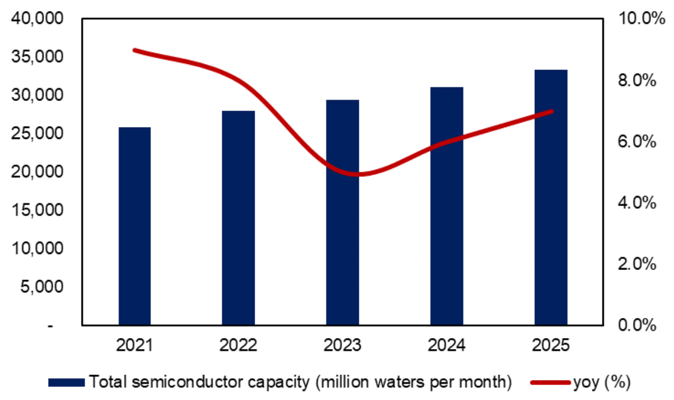
Source: World Semiconductor Trade Statistics, MBS Research

Figure 10: Semiconductor manufacturing equipment sales is forecasted to soar 17% yoy in 2025



Source: SEMI Equipment Market Data Subsciption (EMDS), MBS Research

Figure 11: Total semiconductor capacity is expected to increase 7% yoy in 2025



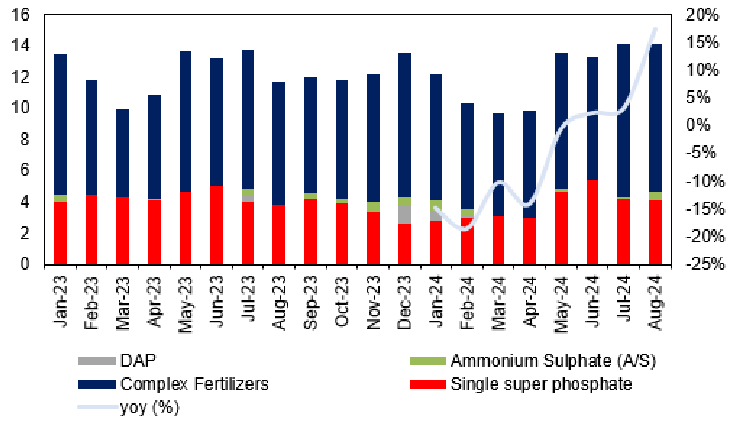
Source: SEMI, MBS Research

Agriculture phosphate revenue remains growth momentum in 4Q24-25 thanks to higher demand from India market

According to our estimate, India is the primary export market of DGC, accounting for 25% of revenue in 2023. India imports yellow phosphorus and related products to produce herbicides for the country's agricultural sector. Due to a shortage of apatite ore, while agricultural demand is high, India is the world's largest importer of yellow phosphorus, mainly imported from Vietnam, Kazakhstan, and Russia. Products exported to India belong to the low segment. We see a positive signal in India fertilizer market when India's phosphate fertilizer output in Jul-24 and Aug-24 increased by 3.2% and 17.5% yoy respectively.

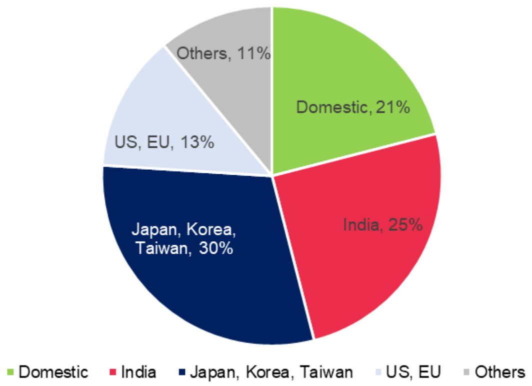
In addition, On 18 September 2024, the Indian Union Cabinet approved an increase in the rates of subsidy for certain constituents of fertilizers that will be applicable for the rabi agriculture season from 1 October 2024 to 31 March 2025. For this season, the subsidy rate for phosphate has increased from INR 28.72 per kg to INR 30.80 per kg (USD 0.34 to USD 0.37). The state aid is provided under the Nutrient Based Subsidy (NBS) scheme wherein fertilizer companies receive financial support to stabilise the prices of fertilizers in the market. The amendment will increase the net subsidy provided on 28 complex fertilizers. Thus, we expect that the fertilizer price subsidy will help farmers reduce fertilizer input prices and increase fertilizer demand in the coming time. We forecast agriculture phosphate volumes to reach 374,000/408,000/419,000 tonnes in FY24/25/26F. In which, we expect the price of fertilizer segment such as DAP and MAP to increase slightly 3% yoy in FY25/26F. As a result, we forecast agriculture phosphate revenue to rise 5.9%/11.5%/3.8% yoy in FY24/25F.

Figure 12: India fertilizer showed positive signal in Jul-24 and Aug-24 (unit: million tonnes)



Source: Ministry of chemical of fertilizer, MBS Research

Figure 13: India is the primary export market of DGC in 2023



Source: MBS Research

Caustic Soda project could contribute DGC revenue from 2026

According to DGC's management board, the project will start construction, install equipment and conduct testing during the period from 4Q24 to 1Q26. The project has an investment of about 100US$m. With abundant cash (net cash VND10,808bn as of 30/9/24), we estimate that DGC will use 75% of the investment capital from equity. Therefore, we increase the financial expense in 2025 by 13.6% versus previous forecast due to the change in the progress of the caustic soda project. We expect caustic soda project to come online in 1Q26 and contribute 12% revenue of DGC in FY26F. DGC also ordered VND400bn of equipment for Nghi Son factory in 3Q24. Thus, we remove DGC's revenue from caustic soda in 2025 and forecast DGC's revenue in caustic soda segment to reach VND1,500bn in FY26F.

Figure 14: Caustic soda project

CAV	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26
Factory constructions						
Complete equipment installation						
Test run and handover						
Come online						

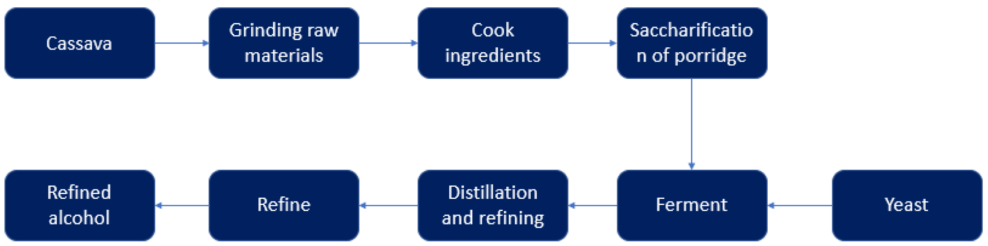
Source: DGC, MBS Research

Continue to expand new business lines with Dai Viet alcohol factory

In Apr-24, DGC successfully acquired the Dai Viet ethanol plant at the Tam Thang Industrial Park in Dak Nong province through an auction for VND253bn. DGC subsequently transferred all the acquired assets to its subsidiary, Duc Giang Dak Nong One-Member Limited Liability Company, and established the Duc Giang Ethanol Plant under this subsidiary.

The Dai Viet factory with an annual capacity of 50,000 tonnes/year, produces 96% ethanol from cassava starch for the F&B and healthcare industries. According to DGC, when operating at full capacity, the plant is expected to generate around VND1,500bn in revenue annually, with a net profit margin of 10%. We forecast ethanol revenue to reach VND900bn/VND1,057bn in FY25/26F, accounting for 7% DGC revenue.

Figure 15: Ethanol production process



Source: DGC, MBS Research

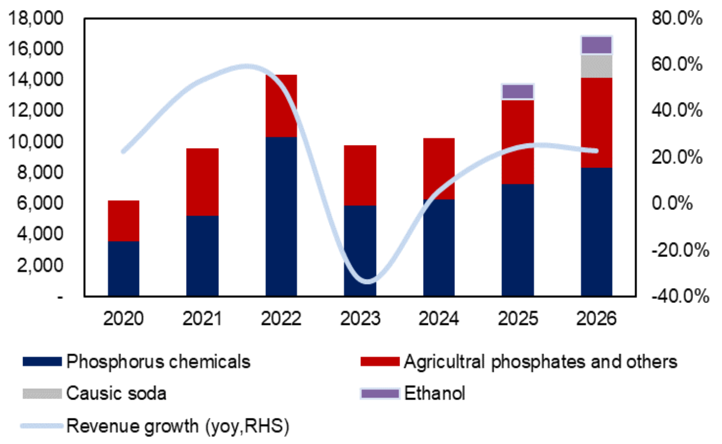
FY24-26F earnings revision

Figure 16: DGC's earnings forecast in 24-25

	2023	2024F			2025F			2026F		Comments
VNDbn		**Forecast**	**%yoy**	**Δ prev. forecast**	**Forecast**	**%yoy**	**Δ prev. forecast**		**%yoy**	
Phosphorus ASP (VNDmn/tonne)	103	105	1.9%	-4.5%	110	4.8%	-6.0%	116	5.5%	We decrease P4 price by 4.5%/6.0% in FY24/25F vs. previous forecast due to slower than expected recovery of P4 prices and increased export volume to K.S at lower selling prices
Yellow phosphorus volume ('000 tonne)	36	45	26.0%	0.0%	51	12.4%	0.0%	56	9.8%	
Acid phosphoric volume ('000 tonne)	81	59	-27.8%	-22.0%	72	22.2%	-15.9%	74	3.9%	
Agricultral phosphates ('000 tonne)	415	374	-10.0%	-6.6%	408	9.1%	-3.0%	419	2.7%	
Net revenue	**9,748**	**10,271**	**5.4%**	**-8.7%**	**12,757**	**24.2%**	**3.1%**	**15,666**	**22.8%**	We increase FY25F DGC's revenue by 3.1% versus previous forecast as the contribution of ethanol project.
Phosphorus chemicals	5,858	6,259	6.8%	-13.3%	7,293	16.5%	-10.8%	8,357	14.6%	We decrease DGC's phosphorus chemicals revenue by 13.3%/10.8% vs last report due to lower 4.5%/6% P4 price.
Agricultral phosphates	3,789	4,012	5.9%	14.4%	4,474	11.5%	6.8%	4,645	3.8%	We increase FY24/25F DGC's agricultral phosphate revenue by 14.4%/6.8% versus previous forecast due to increased production of fertilizer products such as DAP, MAP and phosphate due to high demand from domestic and Indian markets.
Caustic soda								1,500		
Ethanol					990			1,164	17.6%	
Gross profit	**3,440**	**3,660**	**6.4%**	**-8.8%**	**4,933**	**34.8%**	**-1.1%**	**5,984**	**21.3%**	
Gross margin (%)	**35.3%**	**35.6%**	**+0.4%pts**	**-0.1% pts**	**38.7%**	**+3.2%pts**	**-1.4%pts**	**38.2%**	**-0.5 %pts**	We decrease gross margin in FY25 by 1.4% pts versus previous forecast due to lower gross margin from ethanol project
Financial income	**739**	**628**	**-15.0%**	**-10.5%**	**660**	**5.0%**	**-21.3%**	**759**	**15.0%**	We decrease FY24F/25F financial revenue by 10,5%/21.3% versus previous forecast due to lower interest rate and reduced FX gains.
Finanical expense	**(98.5)**	**(89)**	**-9.6%**	**-6.3%**	**(117)**	**31.2%**	**7.9%**	**(127)**	**8.5%**	
Selling expense	(436)	(514)	17.9%	1.5%	(612)	19.2%	-6.7%	(752.0)	22.8%	
G&A expense	(159)	(164)	3.6%	-2.8%	(204)	24.2%	-6.8%	(250.7)	**22.8%**	
EBT	3,485	3,526	1.2%	-12.5%	4,666	32.3%	-8.9%	5,621	20.5%	
Net profit	**3,100**	**3,136**	**1.2%**	**-12.5%**	**4,151**	**32.3%**	**-8.9%**	**5,000**	**20.5%**	
EPS (VND)	**8,356**	**8,454**	**1.2%**	**-12.5%**	**11,187**	**32.3%**	**-8.9%**	**13,476**	**20.5%**	We decrease EPS 2024/25 by 12.5%/8.9% versus previous forecast mainly driven by 1) Q3/24 business results lower than expected; 2) lower P4 price 6% and 3) reduced FX gains.

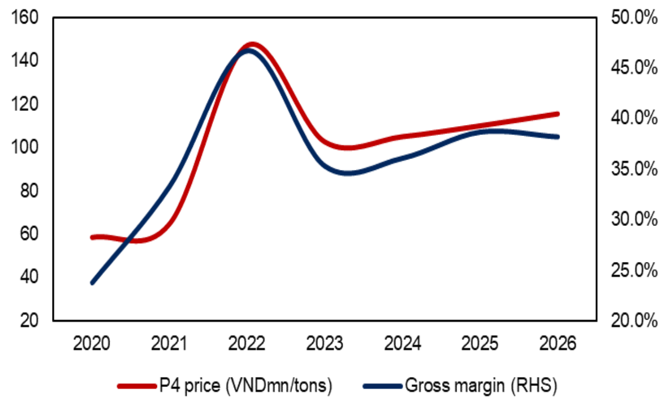
Source: DGC, MBS Research

Figure 17: Revenue by segment (units: VNDbn)



Source: MBS Research

Figure 18: DGC's P4 price and gross margin



Source: MBS Research

Financial statements

Income statement	31/12/23	31/12/24	31/12/25	31/12/2026
Net revenue	9,748	10,271	12,757	15,666
Cost of sales	(6,308)	(6,611)	(7,824)	(9,682)
Gross profit	3,440	3,660	4,933	5,984
Gen & admin expenses	(159)	(164)	(204)	(251)
Selling expenses	(436)	(514)	(612)	(752)
Operating profit	2,846	2,982	4,117	4,981
Operating EBITDA	3,875	3,923	5,197	6,190
EBIT	**3,517**	**3,555**	**4,723**	**5,687**
Interest income	739	628	660	759
Financial expense	(32)	(29)	(57)	(67)
Net other income	(1)	5	6	8
Income from associates	-	-	-	-
Pre-tax profit	**3,485**	**3,526**	**4,666**	**5,621**
Tax expense	(243)	(246)	(326)	(393)
NPAT	3,242	3,280	4,340	5,228
Minority interest	(142)	(143)	(190)	(228)
Net profit	**3,100**	**3,136**	**4,151**	**5,000**
Ordinary dividends	-	(1,139)	(1,139)	(1,139)
Retained earnings	3,100	1,997	3,011	3,861

Balance sheet	31/12/23	31/12/24	31/12/25	21/12/2026
Cash and equivalents	1,061	1,059	749	2,114
Short term investments	9,342	10,743	10,206	11,227
Accounts receivables	718	774	961	1,180
Inventories	855	941	1,035	1,138
Total current assets	12,467	13,745	13,570	15,685
Tangible fixed assets	2,133	2,521	3,987	3,796
Construction in progress	225	248	273	300
Investment properties	-	-	-	-
Long-term investments	-	-	-	-
Investments in subsidiaries	-	-	-	-
Other non-current assets	669	325	404	496
Non current assets	3,069	3,095	4,664	4,592
Total assets	**15,536**	**16,840**	**18,233**	**20,277**
Short-term debt	1,328	1,070	1,329	1,567
Short-term borrowings	190	220	261	323
Trade accounts payable	1,261	746	869	1,163
Current liabilities	3,493	2,496	3,034	3,756
Long-term debt	-	40	432	-
Other non-current liabilities	171	171	171	171
Total long-term liabilities	16	43	436	5
Total liabilities	**3,509**	**2,539**	**3,470**	**3,760**
Common shares	3,798	3,798	3,798	3,798
Share premium	1,787	1,787	1,787	1,787
Treasury shares	(0)	(0)	(0)	(0)
Undistributed earnings	5,989	9,122	10,064	13,355
Investment and developmen	973	328	434	523
Shareholders' equity	7,899	10,387	11,435	14,815
Minority interest	330	539	600	754
Total shareholders' equity	12,027	14,724	15,832	19,367
Total liabilities & equity	**15,536**	**16,840**	**18,233**	**20,277**

Cash flow statement	31/12/23	31/12/24	31/12/25	31/12/2026
Pre-tax profit	3,485	3,526	4,666	5,621
Depreciation & amortization	358	368	474	502
Tax paid	(265)	(246)	(326)	(393)
Other adjustments	-	52	51	49
Change in working capital	(196)	(321)	(381)	(147)
Cash flow from operations	**3,186**	**5,309**	**4,587**	**7,119**
Capex	(251)	(633)	(1,833)	(283)
Proceeds from assets sales	1	1	1	1
Cash flow from investing activities	**(2,338)**	**(2,964)**	**(2,028)**	**(3,229)**
New share issuance	-	-	-	-
Net borrowings	853	(711)	(1,049)	(579)
Other financing cash flow	763	-	-	-
Dividends paid	485	628	660	759
Cash flow from financing activities	**(920)**	**(1,850)**	**(2,188)**	**(1,718)**
Cash and equivalents at beginning of period	1,535	1,061	1,059	749
Total cash generated	(475)	(1)	(310)	1,365
Cash and equivalents at the end of period	**1,061**	**1,059**	**749**	**2,114**

Financial ratios	31/12/23	31/12/24	31/12/25	31/12/2026
Net revenue growth	-32.5%	5.4%	24.2%	22.8%
EBITDA growth	-42.0%	1.2%	32.5%	19.1%
EBIT growth	-52.6%	4.8%	38.1%	21.0%
Pre-tax profit growth	-45.3%	1.2%	32.3%	20.5%
Net profit growth	-44.3%	1.2%	32.3%	20.5%
EPS growth	-44.3%	1.2%	32.3%	20.5%
Gross profit margin	35.3%	35.6%	38.7%	38.2%
EBITDA margin	39.8%	38.2%	40.7%	39.5%
Net profit margin	33.3%	31.9%	34.0%	33.4%
ROAE	25.4%	23.5%	25.5%	26.9%
ROAA	22.4%	20.3%	24.7%	27.2%
ROIC	11.0%	12.6%	17.1%	18.4%
Asset turnover ratio	0.8	0.6	0.7	0.7
Dividend payout ratio	36.7%	36.3%	27.4%	22.8%
D/E	11.0%	7.5%	11.1%	8.1%
Net debt to total equity	-75.5%	-72.6%	-58.1%	-60.8%
Net debt to asset	-58.4%	-63.5%	-50.4%	-58.1%
Interest coverage ratio	110.1	123.2	83.4	85.4
Days account receivable	26.5	27.1	27.1	27.1
Days inventory	48.8	51.2	47.6	42.3
Days account payable	7.0	7.7	7.4	7.4
Current ratio	2.1	4.5	2.9	4.0
Quick ratio	3.3	5.1	4.1	3.9
Cash ratio	0.3	0.4	0.2	0.6
Valuaion				
EPS	8,163	8,259	10,929	13,164
BVPS	31,667	38,768	41,686	50,992
P/E	13.8	13.3	10.1	8.4
P/B	3.6	2.8	2.6	2.1

DISCLAIMER

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.

Segment Ratings

Positive	Stocks in the segment have, on a market cap-weighted basis, a positive absolute recommendation
Neutral	Stocks in the segment have, on a market cap-weighted basis, a neutral absolute recommendation.
Negative	Stocks in the segment have, on a market cap-weighted basis, a negative absolute recommendation.

ABOUT MBS

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

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