

Kinh Bac City Development Holding Corporation (HSX: KBC)

Resolved legal bottlenecks unlocking growth potential

- In 2024, net profit (NP) dropped 79% yoy due to land clearance slowing down land handover process, fulfilling 58% of our forecast;
- We forecast FY25-26F NP to grow 142%/66% yoy, driven by the key projects and the resolved legal obstacles;
- We recommend ADD for KBC with a target price of VND 35,100/share.

2024 NP dropped due to slow land handover progress

In 4Q24, revenue decreased 5% yoy but NP dropped 29% yoy, primarily due to industrial park (IP) revenue with higher profit margin declining. In 2024, revenue decreased 51% yoy, completing 87% of our forecast. IP revenue declined 77% yoy, with the handover land area reaching 33 ha (-78% yoy). Meanwhile, residential property revenue surged over 8x yoy, mainly from the handover of the Nenh social housing project, with gross margin of 12%. The company did not record any extraordinary profits from share transfer transactions. As a result, NP dropped 79% yoy, lower than our forecast.

Approved key projects unlock FY25-26F earnings growth

In Jan 2025, KBC received three critical investment approvals for its key projects, including Trang Due 3 IP, Kim Thanh 2 phase 1 IP, and Trang Cat urban area. In 2025, we expect Nam Son – Hap Linh IP and Hung Yen industrial cluster (IC) to be the primary drivers for KBC and forecast NP to surge 142% from the 2024 low base. In 2026, we forecast NP to grow 66% yoy thanks to Trang Due 3 IP and Kim Thanh 2 phase 1 IP. We do not expect Trang Cat urban area to contribute to NP in 2025-26.

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

We maintain KBC’s target price of VND 35,100/share. The legal progress of Trang Due 3 IP and Trang Cat remains on track, so we maintain these projects’ valuation. The key updates include: (1) Kim Thanh 2 phase 1 IP is incorporated into our valuation model, Hung Yen IC is valued higher thanks to accelerated handover process (2) net debt is higher as KBC raises funds for new projects. Investment thesis: (1) The prospect of the industrial market is brighter thanks to the "China +1" strategy (2) The new projects of Trang Due 3 IP, Trang Cat, and Kim Thanh 2 phase 1 IP supplement KBC’s land bank for long-term growth (3) KBC’s financial health is better after capital issue.

VNDbn	2023	2024	2025F	2026F
Revenue	5,618	2,776	5,772	7,611
NP	2,031	426	1,030	1,705
Revenue growth	491%	-51%	108%	32%
NP growth	33%	-79%	142%	66%
Gross margin	66%	46%	41%	46%
EBITDA margin	56%	31%	38%	41%
ROAE	12%	2%	5%	8%
ROAA	6%	1%	2%	4%
EPS (VND/share)	2,646	555	1,154	1,676
BVPS (VND/share)	23,679	24,234	20,903	22,579

(Source: KBC, MBS Research)

ADD

Target Price

VND 35,100

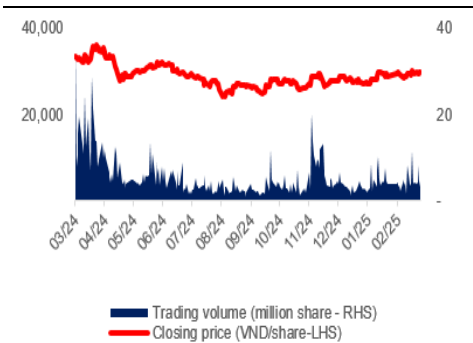
Upside

15.3%

Key changes in the report

- Increasing FY25-26F NP forecast by 17%/49%

Information



Source: MBS Research

Current price (VND)	30,450
52W High (VND)	36,100
52W Low (VND)	24,350
Market Cap (VNDbn)	23,374
P/E (TTM)	54.8
P/B	1.3
Dividend yield (%)	0%
Foreign ownership (%)	19.6%

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

Ownership

DTT Investment and Development JSC	11.28%
Kinh Bac Investment and Consultancy JSC	8.11%

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



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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) The new projects of Trang Due 3 IP, Trang Cat, and Kim Thanh 2 phase 1 IP supplement the company’s land bank for long-term growth;
- (3) The private placement offering of 250 million shares to strategic investors makes the company’s financial healthy better.

Valuation

We recommend **ADD** for KBC with a target price of **VND 35,100/share** by the end of 2025, with upside of 15.3%.

Figure 1: Valuation for KBC

VNDbn	Ownership (%)	Valuation	Value for KBC	Method	Notes
Industrial property			7,248		We lower the weighted average cost of capital (WACC) to 14% as KBC increases its financial leverage
Nam Son - Hap Linh	100%	1,152	1,152	DCF	
Quang Chau Ext	89%	66	58	DCF	
Tan Phu Trung	73%	1,718	1,251	DCF	
Trang Due 3	89%	2,658	2,373	DCF	
Hung Yen IC	94%	1,634	1,534	DCF	
Kim Thanh 2 phase 1	94%	937	880	DCF	
Residential property			17,760		The Nenh and Trang Due social housing projects have been put into construction and operation since 2024, so we apply the DCF method. The 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%	10	9	DCF	Including the social housing project
Trang Cat	100%	15,686	15,686	DCF	Approved investment certificate
Phuc Ninh	100%	1,455	1,455	P/B	
Nenh social housing	76%	380	289	DCF	
Khu Ngoai Giao Doan	100%	321	321	P/B	
Others			2,044		
Total Assets			27,052		
(+) Cash and cash-equivalents			12,011		We assume that KBC would offer 250 million shares privately at a price of VND 22,000/share.

VNDbn	Ownership (%)	Valuation	Value for KBC	Method	Notes
(+) Short-term investments			1,995		
(+) Investments in associates & joint ventures			4,436		These investments are not effective so we apply the BV method.
(+) Investments in other companies			429		
(-) Debts			8,040		
(-) Minority interests			2,176		
Equity value			35,706		
Share outstanding			1,017,604,759		Number of shares outstanding after private placement offering.
Value per share (VND/share)			35,088		

(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	75,200	82,500	HOLD	77,832	37.0	39.0	4.0	2.9	11.1	8.4	3.8	3.6
Kinh Bac	KBC	30,450	35,100	ADD	23,374	63.2	30.4	1.4	1.7	2.3	5.2	1.1	2.3
IDICO	IDC	57,000	55,500	HOLD	18,810	9.4	10.3	3.4	3.0	37.7	31.2	10.9	9.3
Sonadezi Chau Duc	SZC	45,750	39,300	HOLD	8,234	27.3	23.8	2.6	2.5	12.5	10.9	4.0	4.0
Average						34.2	25.9	2.9	2.5	15.9	13.9	5.0	4.8

(Source: MBS Research)

Downside risks

- (1) Risk of economic recession causes industrial land demand to decrease;
- (2) Risk of land clearance makes project progress slow down;
- (3) Land clearance costs are higher after the new Land Law takes effect.

2024 business results

2024 NP is lower than our forecast

Figure 3: 2024 business results

	VNDbn	4Q24	yoy (%)	2024	yoy (%)	% MBS forecast	Comments
Revenue		781	-5%	2,776	-51%	87%	4Q24 revenue decreased slightly by 5% yoy. 2024 revenue dropped 51% yoy due to a sharp decrease in IP revenue.
- <i>Industrial property</i>		78	-88%	1,195	-77%	63%	In 4Q24, the land handover areas of Nam Son – Hap Linh IP and Tan Phu Trung IP were 1.9 ha and 1.4 ha, respectively. In 2024, the land handover area reached 33 ha, including 19.4 ha of Nam Son – Hap Linh IP, 12.2 ha of Quang Chau ext IP, and 1.4 ha of Tan Phu Trung IP, much lower than 150 ha of the previous year.
- <i>Residential property</i>		488	1812%	910	768%	136%	In 2024, revenue surged over 8x yoy, driven by the Nenh social housing project.
- <i>Service fees</i>		109	3%	420	9%	102%	
Gross margin		49%	2 pts	46%	-20 pts	1 pts	
- <i>Industrial property</i>		53%	+19 pts	68%	1 pts	14 pts	
- <i>Residential property</i>		11%	-30 pts	12%	-25 pts	0%	The social housing projects have much lower gross margin than other types of residential property.
- <i>Service fees</i>		67%	27 pts	61%	7 pts	4 pts	
Selling expenses		25	-45%	98	-72%	87%	
Administrative expenses		190	97%	529	15%	118%	
SG&A		215	52%	627	-23%	112%	
% SG&A/revenue		27%	10 pts	23%	8 pts	5 pts	
Interest income		158	108%	451	6%	116%	In 4Q24, interest income increased sharply thanks to higher incomes from deposits, loans and business cooperation.
Financial expenses		65	-35%	258	-39%	97%	Financial expenses decreased as interest expenses fell by 29% yoy.
Pre-tax profit		164	-32%	764	-74%	77%	
Tax expense		101	25%	304	-53%	154%	
NP		75	-29%	426	-79%	58%	In 4Q24, NP decreased due to lower land handover area. In 2024, NP dropped 79% yoy, fulfilling 58% of our forecast.

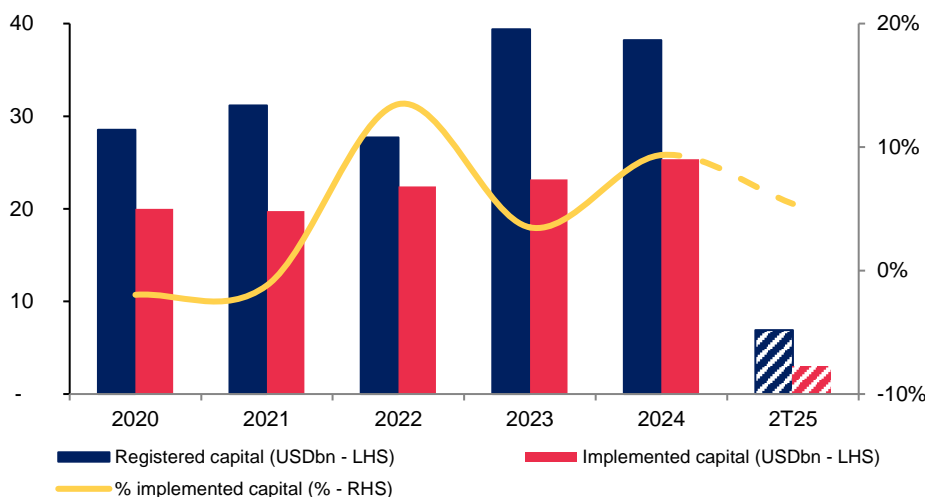
(Source: KBC, MBS Research)

Industrial property: Investment approvals for Trang Due 3 IP and Kim Thanh 2 phase 1 IP unlock new growth potential

FDI capital flows signal to recover

After slowing down in late 2024, FDI inflows have rebounded in the first two months of 2025, with registered FDI reaching USD 6.9 billion (+35.5% yoy) and implemented FDI hitting USD 2.95 billion (+5.4% yoy). The government targets FDI disbursement of USD 28 billion (+10.4% yoy) in 2025. We expect FDI flows into Vietnam to be a spotlight, thanks to (1) Production shift trend following the "China+1" strategy, as escalating US.-China trade tension leads to both nations' additional tariffs on imported goods (2) Vietnam's establishment of the Investment Support Fund to attract high-tech FDI capital, particularly in semiconductor, chip, and AI,... (3) Infrastructure development reducing logistics costs (4) A wave of newly approved IP projects ensuring land supply for large enterprises.

Figure 4: FDI capital flows into Vietnam since 2020



(Source: Ministry of Finance, MBS Research)

Vietnamese Government has issued Decree 182/2024/ND-CP dated Dec 31, 2024 on the establishment, management and use of the Investment Support Fund. The fund is 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 are supported 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.

We expect land handover area to increase 124%/79% yoy in 2025-26

Figure 5: IPs in operation

IP	Ownership	Total area (ha)	IP area (ha)	Occupancy rate (%)	2024			2025F			2026F		
					Rental price	Rental area	Revenue	Rental price	Rental area	Revenue	Rental price	Rental area	Revenue
Fully occupied IPs													
Que Vo 1	100%	312	192	100%									
Que Vo 2	100%	300	173	100%									
Trang Due 1	89%	188	129	100%									
Trang Due 2	89%	214	133	100%									
Quang Chau	89%	426	307	100%									
IPs being commercialized													
Nam Son – Hap Linh	100%	300	204	59%	152	19	720	160	30	1,240	168	44	1,949
Quang Chau Ext	89%	90	67	95%	148	12	442	155	0	0	163	4	179
Tan Phu Trung	73%	543	347	69%	191	1	32	201	14	727	211	10	556
Trang Due 3	89%	653	456	0%							160	30	1,271
Hung Yen IC	94%	225	151	0%				158	30	1,224	165	30	1,311
Kim Thanh 2 phase 1	94%	235		0%							88	15	350

(Source: KBC, MBS Research)

Six key IPs, which are expected to contribute mainly to FY25-26F revenue, include Nam Son – Hap Linh IP, Quang Chau ext IP, Tan Phu Trung IP, Trang Due 3 IP, Kim Thanh 2 phase 1 IP and Hung Yen IC. Total land area is 2,050 ha, with 1,400 ha of industrial land.

- ✓ Nam Son – Hap Linh IP: By the end of 2024, the occupancy rate reached 59%, with rental prices of USD 150-160/sqrm. Land clearance area is 220 ha, over 26 ha of land face legal issues. In 2025, KBC plans to hand over 30 ha for Goertek's factory expansion. Besides, some tenants from Taiwan, China, and Singapore have interests in leasing land.
- ✓ Quang Chau ext IP: The occupancy rate reached 95% by the end of 2024. A small portion of land is uncleared due to unnegotiated compensation prices. KBC expects to complete 100% land clearance in 2025. We expect the remaining land area (about 4 ha) to be handed over in 2026, forecast revenue of VND 180 billion.
- ✓ Tan Phu Trung IP: The project is facing land clearance issues due to unnegotiated compensation prices. The "clean" land area is about 20 ha, of which 14 ha will be handed over in 2025. We expect the land clearance process to accelerate after Ho Chi Minh City issues the new land pricing framework. We forecast revenue to reach VND 720 billion in 2025.
- ✓ Trang Due 3 IP: This is KBC's key project in the upcoming period. Its investment certificate was approved on Jan 14, 2025. Its location is relatively favourable, 10 km from Hai Phong City, 15 km from Hai Phong Port, and 14 km from Cat Bi Airport. Compared to other IPs, Trang Due 3 IP has more tax incentives because it is situated within the Dinh Vu –

Cat Hai Economic Zone. According to the company, 200 ha of land has already been cleared and is available for lease (LG has confirmed its readiness to sign an agreement as soon as possible). We expect the project to generate cash flow starting from 2026, with about 30 ha being handovered.

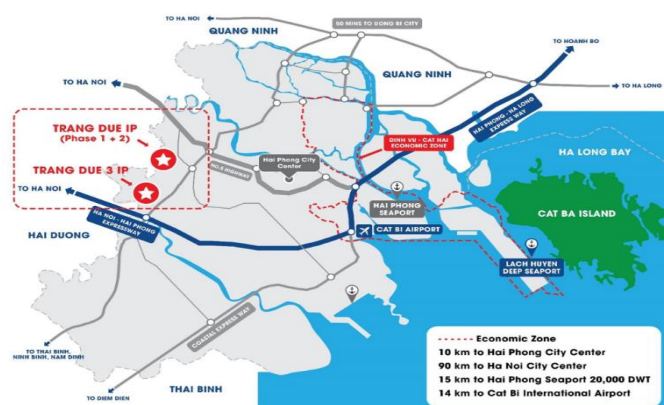
- ✓ Hung Yen IC was approved for the 1/500 master plan in Feb 2024. It has a total area of 225 ha, located in the northern key economic region, 50 km from Hanoi. Over 40 ha of land has been cleared. In 2024, KBC invested much in the project, with total capital reaching VND 774 billion. In 2025, we expect 30 ha of land to be handovered, making a significant contribution to revenue.
- ✓ Kim Thanh 2 phase 1 IP, located in Hai Duong, was approved for investment certificate on Jan 22, 2025. It has a total area of 235 ha, a total investment capital of VND 3,403 billion. We expect its asking prices to be about USD 80/sqrm, similar to the prices of Lai Vu IP and Phu Thai IP. We expect the project to generate cash flow starting from 2026, with 15 ha being handovered, equivalent to revenue of VND 350 billion.
- ✓ In addition, KBC is researching and developing some new IPs, such as Tan Tap (654 ha), Loc Giang (466 ha), Phu Binh (675 ha), Song Hau 2 (380 ha), and several ICs in Long An and Hai Phong. The Loc Giang project was approved for the 1/2000 master plan, so we expect it to be approved for investment certificate in 2025.

In summary, we forecast FY25-26F land handover area to reach 74/133 ha. Revenue is expected to stand at VND 3,192/5,615 billion, up 167%/76% yoy and 137%/185% compared to our previous forecast, respectively.

Figure 6: Nam Son – Hap Linh IP



Figure 7: Trang Due 3 IP



(Source: KBC)

Residential property: Trang Cat urban area is approved for investment certificate

Figure 8: 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.

Project	Location	Ownership	Land area (ha)	Status
Trang Due social housing	Hai Phong	89%	3	3 blocks (768 units) of phase 1 are under construction, expected to be handed over in 2025-26.
Trang Cat	Hai Phong	100%	585	Approved investment certificate, currently completing legal procedures related to additional land-use fees and construction permit. Beginning construction in 2026.
Phuc Ninh	Bac Ninh	100%	115	Waiting for legal approval to book revenue
Nenh social housing	Bac Giang	76%	12.6	Handing over houses to customers
Khu Ngoai Giao Doan	Ha Noi	100%	2	Looking for investment partner

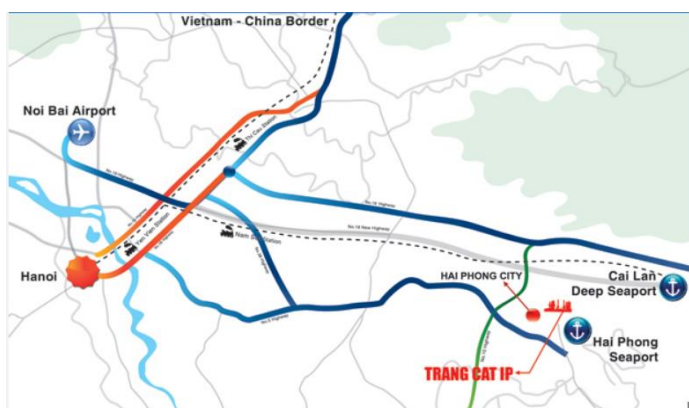
(Source: KBC, MBS Research)

Trang Cat urban area is approved for investment certificate

On Jan 15, 2025, the Trang Cat urban area project was approved for investment certificate. The project has a total area of 585 ha, located in the Dinh Vu – Cat Hai Economic Zone, Hai Phong City. According to the master plan, it consists of 8,655 shophouses, 3,256 villas, 7,178 condominiums and 5,941 social housing units. The land area has been handed over and the company has 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. The company plans to complete investment procedures from 1Q25 to 1Q26 and starts construction in 2026. The total registered investment capital has been revised from VND 6,300 billion to over VND 69,000 billion. By the end of 2024, KBC invested VND 8,448 billion in the project, which is land-use fee and land clearance costs.

The company plans to wholesale, with prices of about VND 25-30 million/sqm. We expect the project to complete legal procedures in 2025-26. According to BOD, the company plans 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 on Sep 20, 2025 if not implemented. In 4Q24, KBC borrowed VND 5,500 billion from VPB to finance the project. This is additional capital for KBC to fulfill its financial obligation as soon as the land-use fee is approved.

Figure 9: Trang Cat



(Source: KBC)



(Source: KBC)

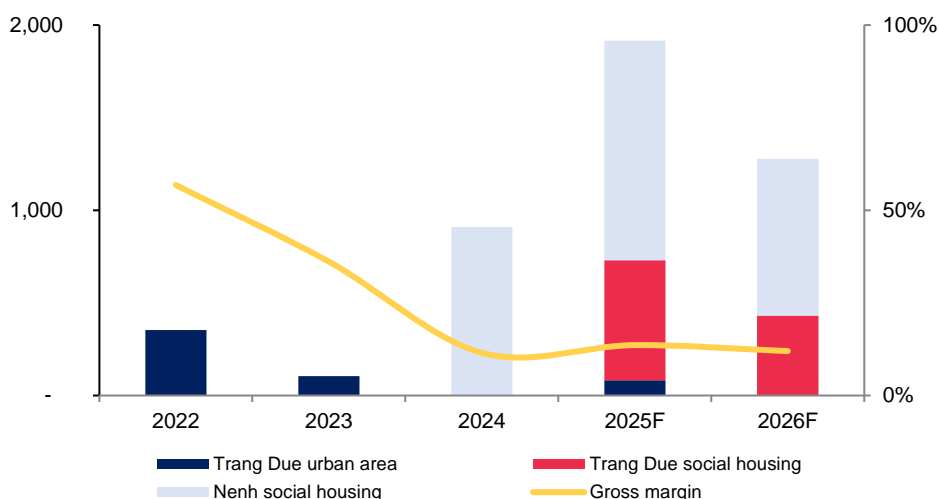
Other residential projects under legal finalization

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 FY25-26F revenue of about VND 1,000 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 reserved area is more than 12 ha, the revenue-booked area is 2.51 ha. The total value of the reservation agreement is more than VND 1,591 billion, the booked revenue is VND 345 billion. The remaining revenue is waiting for legal approval to be booked.

The Nenh and Trang Due social housing projects are the main contributors to the company's residential property revenue in 2025-26. We forecast revenue to reach VND 1,915 billion (+111% yoy)/ VND 1,278 billion (-33% yoy) in 2025-26.

Figure 10: Residential property 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 offered shares 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 offering greatly affects the shareholders' interests, we build three cases of the offering:

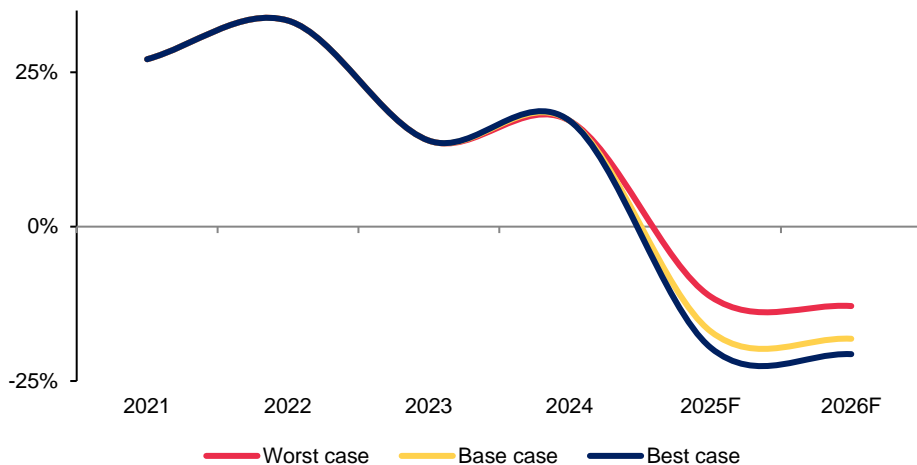
Figure 11: Three cases of private placement offering

	Offering Price (VND/share)	Proceeds (VNDbn)	
Worst case	16,200	4,050	Minimum price
Base case	22,000	5,500	Estimated price
Best case	25,000	6,250	Expected price

(Source: KBC, MBS Research)

The proceeds are used to restructure debts and supplement working capital, thereby improving the company's financial health. We expect net debt-to-equity to decline from 17.1% by the end of 2024 to -16.9%/-18.2% by the end of 2025-26 under the base case.

Figure 12: Net debt-to-equity



(Source: MBS Research)

“Ambitious” business plan

In 2025, KBC plans the revenue target of VND 10,000 billion (equivalent to 360% of 2024 revenue result) and the after-tax profit of VND 3,200 billion (equivalent to 696% of 2024 profit result). The company expects to lease 200 ha of industrial land. Although the key projects have positive signs of legal, it takes 1-2 years to complete investment procedures and generate cash flows. The existing projects still face land clearance issues. So, under a conservative basis, we forecast revenue and after-tax profit to stand at VND 5,772 billion and VND 1,126 billion respectively, lower than the company's target.

We revise up FY25-26F NP forecast by 17%/49%

Figure 13: FY25–26F business results according to base case

VNDbn	2024	2025	yoy	% change	2026	yoy	% change	Comments
Revenue	2,776	5,772	108%	66%	7,611	32%	86%	
<i>Industrial property</i>	1,195	3,192	167%	137%	5,615	76%	185%	We add Trang Due 3 IP, Kim Thanh 2 phase 1 IP and Hung Yen IC to our FY25-26F earnings forecast model.
<i>Residential property</i>	910	1,915	111%	30%	1,278	-33%	-8%	We increase 2025 revenue forecast thanks to faster-than-expected handover progress.
<i>Service fees</i>	420	449	7%	2%	481	7%	2%	We expect service fees revenue to grow 7% per year.
Gross profit	1,283	2,355	83%	79%	3,532	50%	112%	
<i>Industrial property</i>	815	1,723	111%	132%	2,964	72%	174%	
<i>Residential property</i>	105	261	149%	33%	153	-41%	-4%	
<i>Service fees</i>	257	265	3%	2%	293	11%	2%	
Gross margin	46%	41%	-5 pts	3 pts	46%	6 pts	6 pts	
<i>Industrial property</i>	68%	54%	-14 pts	-1 pts	53%	-1 pts	-2 pts	We adjust gross margin downward as new projects typically have lower margins in the early stage, around 50%.
<i>Residential property</i>	12%	14%	2 pts	0%	12%	-2 pts	1 pts	
<i>Service fees</i>	61%	59%	-2 pts	0%	61%	2 pts	0%	

VNDbn	2024	2025	yoy	% change	2026	yoy	% change	Comments
% SG&A revenue	23%	11%	-11 pts	1 pts	12%	1 pts	1 pts	
Interest income	451	673	49%	2%	668	-1%	-1%	
Financial expenses	258	917	255%	112%	863	-6%	156%	We adjust up interest expenses as the company raises additional debt to finance the Trang Cat project..
Pre-tax profit	764	1,408	84%	23%	2,364	68%	55%	
NP	426	1,030	142%	17%	1,705	66%	49%	We revise up our FY25-26F NP forecast by 17%/49% thanks to the key projects being added to our model.

(Source: MBS Research)

Figure 14: Sensitivity analysis of FY25-26F NP

	2025	yoy	% versus previous report	2026	yoy	% versus previous report
Worst case	994	133%	13%	1,651	66%	44%
Base case	1,030	142%	17%	1,705	66%	49%
Best case	1,048	146%	19%	1,734	65%	51%

(Source: MBS Research)

FINANCIAL STATEMENTS

Income Statement	2023	2024	2025	2026	Cash Flow Statement	2023	2024	2025	2026
Revenue	5,618	2,776	5,772	7,611	Pre-tax profit	2,891	764	1,408	2,364
Cost of goods	(1,923)	(1,492)	(3,417)	(4,079)	Depreciation & amortization	133	161	117	118
Gross profit	3,695	1,283	2,355	3,532	Tax paid	-	-	-	-
Gen & admin expenses	(458)	(529)	(462)	(609)	Other adjustments	70	(224)	1,125	852
Selling expenses	(354)	(98)	(193)	(305)	Changes in working capital	(91)	30	(2,963)	(1,808)
Operating profit	2,883	657	1,700	2,618	CF from operations	3,002	731	(313)	1,526
Operating EBITDA	2,750	495	1,584	2,500	Capex	(1,251)	(156)	(189)	(197)
EBIT	2,883	657	1,700	2,618	Proceeds from assests sales	-	-	-	-
Interest income	426	451	673	668	CF from investing activities	153	(1,386)	2,330	(896)
Financial expense	(426)	(258)	(917)	(863)	New share issuance	130	1	5,500	-
Net other income	17	(143)	(48)	(58)	Net borrowings	(3,997)	6,379	(2,072)	1,017
Income from associates&JV	(8)	57	-	-	Other financial cash flow	-	-	-	-
Pre-tax profit	2,891	764	1,408	2,364	Dividend paid	(130)	-	-	-
Tax expense	(646)	(304)	(282)	(473)	CF from financing activities	(3,997)	6,380	3,428	1,017
NPAT	2,245	460	1,126	1,891	Beginning cash & equivalents	1,683	841	6,566	12,011
Minority interests	214	34	97	186	Total cash generated	(842)	5,725	5,445	1,647
NP	2,031	426	1,030	1,705	Ending cash and equivalents	841	6,566	12,011	13,658
Ordinary dividends	(130)	-	-	-					
Retained earnings	1,900	426	1,030	1,705					
					Key Financial Ratios	2023	2024	2025	2026
Balance Sheet	2023	2024	2025	2026	Revenue growth	491%	-51%	108%	32%
Cash and cash-equivalents	841	6,566	12,011	13,658	EBITDA growth	-957%	-82%	220%	58%
Short term investments	1,864	1,858	1,995	2,018	EBIT growth	-1178%	23%	259%	154%
Account receivables	615	671	1,152	1,118	Pre-tax profit growth	70%	-74%	84%	68%
Inventories	12,219	13,867	12,293	12,445	NP growth	33%	-79%	142%	66%
Total current assets	25,029	34,339	37,520	39,915	EPS growth	11%	-80%	123%	44%
Fixed assests	449	408	429	450	Gross margin	66%	46%	41%	46%
Construction in progress	-	-	-	-	EBITDA margin	56%	31%	38%	41%
Investment property	1,201	1,292	1,355	1,432	NP margin	36%	15%	18%	22%
Investments in subsidiaries	-	-	-	-	ROAE	12%	2%	5%	8%
Investments in associates	4,777	4,859	4,865	4,862	ROAA	6%	1%	2%	4%
Other long-term investments	446	736	720	699	ROIC	9%	1%	3%	5%
Total non-current assets	8,405	10,427	8,564	8,817	Asset turnover	0.16	0.07	0.13	0.16
Total assets	33,434	44,765	46,083	48,732	Dividend payout ratio	6%	0%	0%	0%
Short-term borrowings	337	368	441	529	D/E	18%	49%	34%	36%
Accounts payable	436	528	349	346	Net debt to total equity	14%	17%	-17%	-18%
Other short-term payables	3,429	3,537	3,805	3,479	Net debt to asset	8%	8%	-9%	-9%
Total current liabilities	6,579	7,404	6,875	6,672	Interest coverage ratio	7.6	2.	1.9	3.0
Long-term borrowings	3,322	9,745	7,599	8,528	Days account receivable	40	88	73	54
Other long-term payables	3,313	6,935	8,162	8,194	Days inventory	2,319	3,392	1,313	1,114
Total long-term liabilities	6,635	16,680	15,761	16,722	Days account payable	83	129	37	31
Total liabilities	13,213	24,084	22,636	23,393	Current ratio	3.8	4.6	5.5	6.0
Common share	7,676	7,676	10,176	10,176	Quick ratio	1.9	2.8	3.7	4.1
Share premium	2,744	2,744	5,744	5,744	Cash ratio	0.4	1.1	2.0	2.3
Treasury shares	-	-	-	-					
Undistributed earnings	7,754	4,319	5,349	7,054	Valuation				
Investment and development funds	2	3,863	2	2	EPS (VND/share)	2,646	555	1,154	1,676
Shareholders' equity	18,176	18,602	21,271	22,976	BVPS (VND/share)	23,679	24,234	20,903	22,579
Minority interests	2,045	2,080	2,176	2,362	P/E	13.3	63.2	30.4	20.9
Total shareholders' equity	20,221	20,682	23,447	25,338	P/B	1.5	1.4	1.7	1.6
Total liabilities & equity	33,434	44,765	46,083	48,732					

(Source: KBC's financial statements, MBS Research)

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MBS RECOMMENDATION FRAMEWORK

Stock Ratings

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

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

Sector Ratings

POSITIVE	Stocks in the 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.

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