

Deo Ca Traffic Infrastructure Investment JSC (HHV)
INDUSTRIALS

ADD (Maintained)

Current Price	VND13,100
52Wk High/Low	VND13,150/9,524
Target Price	VND15,000
Previous TP	VND14,800
TP vs Consensus	5.7%
Upside	15.0%
Dividend Yield	0.0%
Total stock return	15.0%

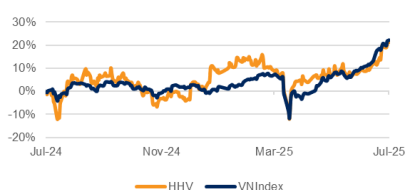
Growth rating	Positive
Value rating	Neutral
ST Technical Analysis	Positive

Market Cap	USD250mn
3m Avg daily value	USD4.4mn
Avail Foreign Room	USD91.3mn
Outstanding Shares	497mn
Fully diluted O/S	497mn

	HHV	Peers	VNI
P/E TTM	13.7x	16.0x	14.5x
P/B Current	0.7x	1.2x	1.9x
ROA	1.0%	1.5%	2.6%
ROE	4.4%	4.8%	13.5%

*as of 7/23/2025

Share Price performance



Share price (%)	1M	3M	12M
Ordinary share	1.2%	16.2%	-13.5%
Relative to index	3.7%	5.8%	4.0%

Ownership

Hai Thach B.O.T.	15.0%
Others	85.0%

Business Description

Deo Ca Traffic Infrastructure Investment JSC (HHV) includes three main segments: toll collection, infrastructure construction, and operation & maintenance. HHV is an associate company of Deo Ca Group, one of the leading infrastructure investment groups in Vietnam.

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All business segments are improving

- We maintain our ADD rating for HHV with 15% upside. We increased our TP by 1% while the share price has increased by 6% since our last report.
- We raise our TP mainly as we revised up HHV earnings by 12%/9% in 2025-2026 to VND510bn (USD20mn) and VND587bn (USD23mn), respectively.
- HHV is re-rated to the current P/B of 0.7x from 0.5x at the beginning of 2025, equivalent to the five-year average P/B. Meanwhile, HHV is trading at a current P/E of 13.7x, and could be re-rated to its two-year average P/E of 15.x.

Financial Highlights

- 2Q25 total revenue grew 18% YoY to VND950bn (USD36mn) while NPAT also rose 18% to VND147bn (USD5.6mn), per management.
- 6M25 revenue grew 12% YoY, fulfilling 47% FY guidance while 6M25 NPAT grew 31% YoY, completing 58% of FY guidance.
- FY25-26 EPS is poised to grow 5%/15% YoY thanks to improving performance from both construction and BOT segments.

Investment Thesis

2025 public investment will grow double digits from muted 2024 growth

We expect public investment growth to be 23% in 2025, supported by amended laws related to the PPP investment law and public investment law. The National Assembly passed amended Laws on Planning, Investment, Public-Private Partnership Investment (PPP), and Bidding 2024 (Amendment of 4 Laws), which came into effect on January 15, 2025.

Construction backlog is sufficient to support growth over the next two years

At the end of 2Q25, HHV's backlog was VND3.9tn (USD150mn) with the majority from the Dong Dang – Tra Linh and HCMC – Thu Dau Mot – Chon Thanh projects.

Construction gross margin will bottom out in 2026

In 2024, construction revenue grew 10% YoY while gross margin was depressed to 4% due to lingering high costs from the Quang Ngai – Hoai Nhon project. As this project still contributes to 2025 construction revenue, we think that 2025 GM likely stays low before recovering in 2026.

We expect that HHV could get capital support for the BOT segment from 2027

According to HHV IR newsletter, a Government report reveals that 11 BOT projects are currently facing financial difficulties due to objective factors. Among them are two projects by HHV, including: the Deo Ca road tunnel construction project, which is proposed to receive an additional VND2.28tn (USD87mn) in support, and the Bac Giang – Lang Son expressway, which is proposed to receive ~VND4.6n (USD175mn) in assistance.

HHV will continue to offer rights issuances in late 2025

HHV will continue to raise capital in 4Q25 for its Cam Lam-Vinh Hao PPP project. According to our source, Deo Ca Group may raise its stake in HHV by increasing its ownership following this deal.

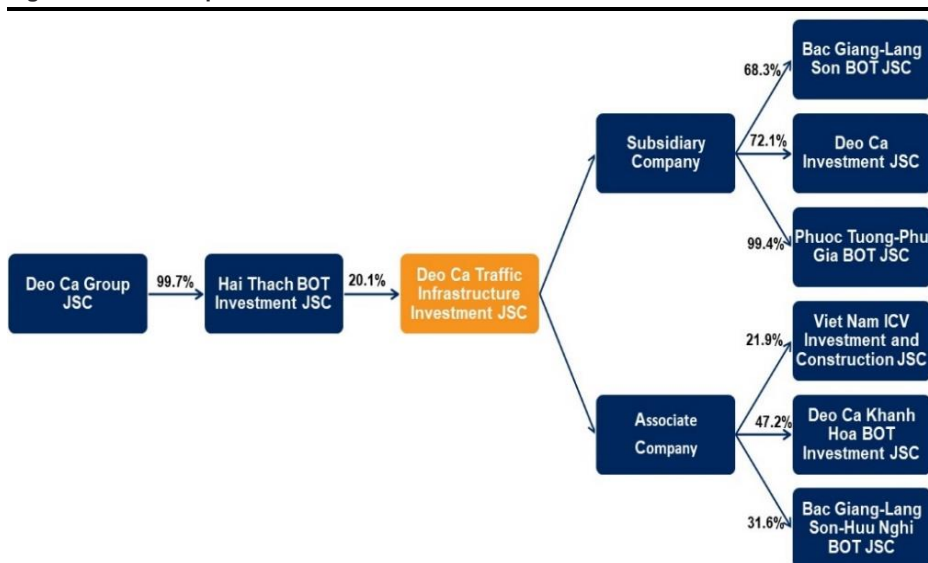
	2023	2024	2025E	2026F
Revenue growth (%)	28.5%	23.2%	10.1%	10.0%
EPS growth (%)	2%	-4%	5%	15%
Gross margin (%)	40.2%	40.6%	42.2%	43.1%
Net margin (%)	13.6%	14.3%	16.3%	17.0%
P/E (x)	13.9	13.7	14.6	12.7
P/B (x)	0.8	0.5	0.7	0.7
ROAE (%)	4.2%	4.3%	4.9%	5.3%
Net D/E (%)	229%	171%	150%	137%

Source: VNDIRECT Research

Company Profile

Deo Ca Traffic Infrastructure Investment JSC (HHV) includes three main segments: toll collection, infrastructure construction and operation & maintenance. In 2023, the toll collection segment contributed the largest proportion to the company's business results, accounting for 60% of revenue and 90% of gross profit, while the construction segment accounted for 40% of revenue and only 7% of gross profit. In 2019, HHV restructured by issuing private shares in exchange for the debt of BOT projects. Currently, HHV owns shares in four BOT projects, including the Deo Ca road tunnel, Bac Giang-Lang Son expressway, the Phuoc Tuong-Phu Gia tunnel and the expansion of highway 1A (QL1A) in Khanh Hoa Province.

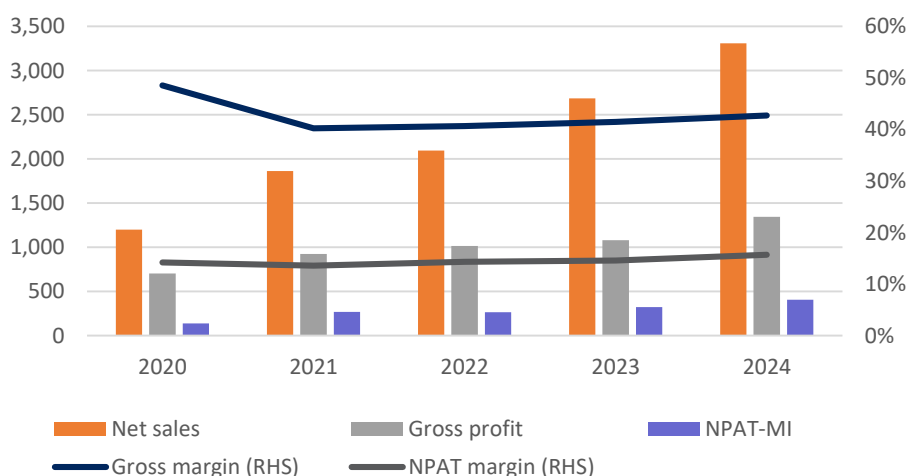
Figure 3: HHV's corporate structure



Source: VNDIRECT Research, COMPANY REPORT

Deo Ca Group possesses remarkable infrastructure construction capabilities. The group has participated in numerous key transportation projects, including resolving delayed projects (such as the Bac Giang - Lang Son expressway and Trung Luong - My Thuan expressway). HHV benefits from being in the ecosystem of Deo Ca Group. The company will have the opportunity to win large construction and maintenance contracts from projects that Deo Ca Group participates in in the future.

Figure 4: HHV sales and net profit in the last five years (VNDbn)



Source: Fiingroup

2Q25 preliminary results: Positive

2Q25 total revenue and NPAT increased by 18% YoY

2Q25 total revenue grew 18% YoY to VND950bn (USD36mn) while NPAT also increased 18% to VND147bn (USD5.6mn), per management.

6M25 NPAT grew 31% YoY and completed 58% FY guidance

6M25 revenue grew 12% YoY, fulfilling 47% FY guidance while 6M25 NPAT grew 31% YoY, completing 58% of FY guidance.

Figure 5: HHV 2Q25 preliminary results

(VNDbn)	2Q25	2Q24	YoY	1H25	1H24	YoY	FY25E	1H25/FY25E
Revenue	950	814	18%	1,685	1,504	12%	3,643	46.2%
NPAT	147	125	18%	320	244	31%	593	53.9%
NPM	15.5%	15.4%		19.0%	16.2%		16.3%	

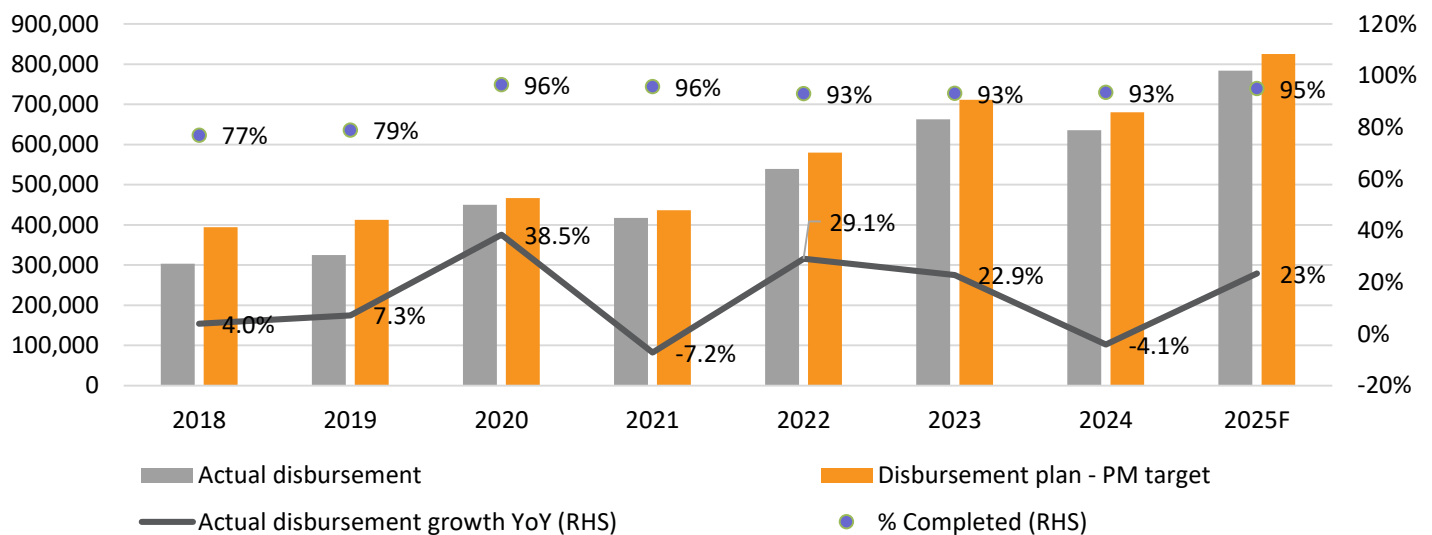
Source: HHV, VNDIRECT Research

FY25 public investment outlook: New regulations pave the way for growth

2025 public investment will grow double digits from muted 2024 growth

We expect public investment growth to be a key driver of Vietnam's GDP in 2025, supported by the resolution of land clearance issues through new land schemes for Hanoi, Ho Chi Minh City, and other regions, and amended laws related to PPP investment law and public investment law. The National Assembly passed amended Laws on Planning, Investment, Public-Private Partnership Investment (PPP) and Bidding 2024 (Amendment of 4 Laws), which came into effect on January 15, 2025. Thanks to the new regulations and amended laws, we anticipate the Government will accelerate disbursement, achieving a 23% increase in 2025 to VND784tn (USD30.6bn), completing 95% of the annual target set by the Prime Minister. According to an updated report from the Ministry of Finance, as of the end of June 2025, total disbursed capital is estimated at VND268tn (USD10.2bn), equivalent to 29.6% of the annual plan and 32.5% of the plan assigned by the Prime Minister. Compared to the disbursement progress in the same period of 2024, 6M25 disbursed capital surged 42.3% YoY.

Figure 6: Public investment outlook (VNDbn)



Source: MoF, VNDIRECT Research

The focus of the newly amended laws is on three main areas: decentralizing the authority for investment decisions, adjusting project classification criteria, and strengthening mechanisms for monitoring and managing public investment funds. These adjustments are expected to accelerate disbursement progress, remove bottlenecks, improve capital efficiency, and drive State investment disbursement in 2025.

The PPP Investment Law was amended with several key updates:

Elimination of sector-specific investment restrictions and minimum capital requirements, creating a more flexible environment for projects across diverse industries, customized to the needs of each region.

Streamlining investment procedures, with reforms to simplify the project appraisal and approval process.

Encouraging PPP projects in high-tech sectors, supporting the broader goal of modernizing national infrastructure.

Raising the state budget capital contribution limit to 70% for PPP projects, easing capital allocation pressures and reducing the time it takes for the private sector to recover investment in infrastructure development.

Reinstating the Build-Transfer (BT) contract model, with enhanced implementation regulations, aimed at revitalizing investment activities and supporting the long-term strategy for national infrastructure development.

The national assembly recently passed a single, landmark law that amends eight existing laws:

This comprehensive act was approved on June 25, 2025 and comes into effect on July 1, 2025.

Currently, ministries and relevant agencies are in the process of drafting and issuing guiding decrees for implementation. As per usual practice, these guiding decrees must be issued within six months from the effective date of the law. However, since this law amends multiple laws at once, the process may be delayed or the decrees may be issued in stages.

According to the Government's report, 11 BOT projects are currently facing financial difficulties due to objective factors. Among them are two projects by HHV, including: the Deo Ca road tunnel construction project, which is proposed to receive an additional VND2.28tn (USD87mn) in support, and the Bac Giang – Lang Son expressway project, which is proposed to receive ~VND4.6tn (USD175mn) in assistance.

FY25-26 HHV outlook: Earnings to grow 12%/15% in 2025-2026

Figure 8: FY25-26F earnings outlook

(VNDbn)	FY24				FY25				FY26			
	Actual	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg		
Revenue	3,308	3,643	3,643	0.0%	4,006	4,006	0.0%					
% YoY	23%	10%	10%		10%	10%						
_ BOT toll collection	1,573	1,914	1,914	0.0%	2,144	2,144	0.0%					
_ Construction	1047	1,151	1,151	0.0%	1,407	1,407	0.0%					
Gross profit	1,091	1,331	1,331	0.0%	1,511	1,540	1.9%					
_ BOT toll collection	972	1,253	1,253	0.0%	1,450	1,450	0.0%					
_ Construction	85	42	42	0.0%	28	56	100.0%					
Gross margin	40%	41%	41%	0.0% pts	38%	38%	0.7% pts					
_ BOT toll collection	62%	65%	65%	0.0% pts	68%	68%	0.0% pts					
_ Construction	8%	4%	4%	0.0% pts	6%	6%	0.0% pts					
SG&A expenses	-72	-73	-73	0.0%	-80	-80	0.0%					
EBIT	1,019	1,258	1,258	0.0%	1,431	1,459	2.0%					
Net financial income	-767	-870	-825	-5.2%	-949	-899	-5.2%					
PBT	699	626	699	11.7%	740	805	8.8%					
NPAT-MI	405	457	510	11.7%	540	587	8.8%					
% YoY	26%	5%	12%		18%	15%						
NPM	16%	15%	16%	1.7% pts	16%	17%	1.4% pts					

Source: VNDIRECT Research

HHV's backlog is sufficient to support growth over the next two years

At the end of 2Q25, HHV backlog was VND3.9tn (USD150mn), with the majority from the Dong Dang – Tra Linh and HCMC – Thu Dau Mot – Chon Thanh projects.

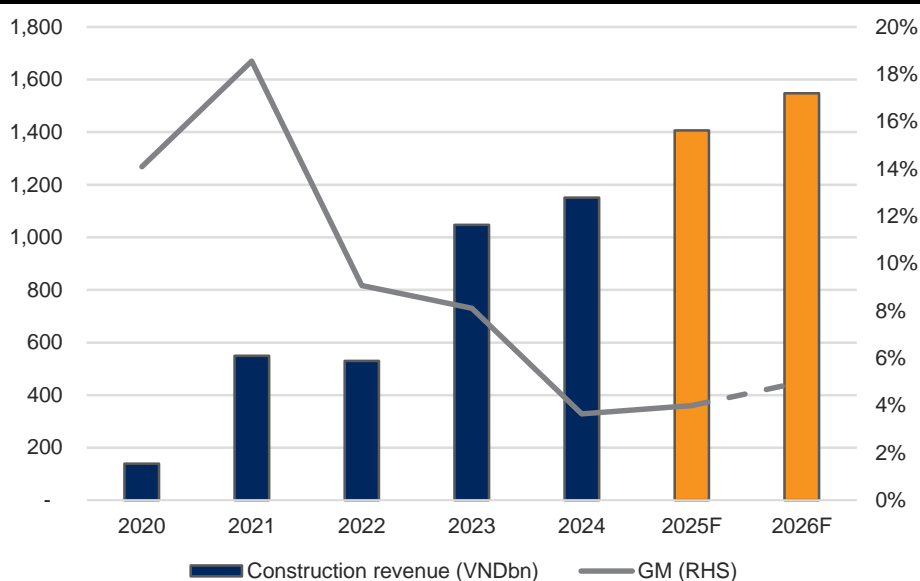
Figure 9: HHV construction backlog

VNDbn	Backlog @ end of 2023	Backlog @ end of 2Q23	Backlog @ end of 3Q24	Backlog @ end of 4Q24	Backlog @ end of 1Q25	Backlog @ end of 2Q25	Potential contract in 2026-2027
Cam Lam - Vinh Hao	101						
Binh Dinh coastal line	301	268	254	172	154	107	-
Quang Ngai - Hoai Nhon	1,367	827	653	502	383	114	-
Lien Chieu road	142	111	104	88	74	50	-
Dong Dang - Tra Linh	1,735	1,735	1,735	1,735	1,718	1,655	-
HCMC- Thu Dau Mot - Chon Thanh	-	-	-	-	-	2,000	-
Tan Phu- Bao Loc	-	-	-	-	-	-	2,200
TOTAL	3,646	2,941	2,746	2,497	2,329	3,926	2,200

Source: VNDIRECT Research

Construction gross margin will bottom out in 2026

Figure 10: HHV's 2020-2026F construction revenue and its gross margin



Source: Fiingroup, VNDIRECT Research

In 2024, construction revenue grew 10% YoY while gross margin was depressed to 4% due to lingering high costs from the Quang Ngai – Hoai Nhon project. As this project still contributes to 2025 construction revenue, we think that 2025 GM likely stays low before recovering in 2026.

In 2025, HHV plans to raise VND912bn (USD35mn) via private placement and rights issuance.

The private placement offers of VND415bn (USD16mn), 9.6% of total current outstanding shares, is priced at VND10,000/share (an 18% discount vs the market share price) for select domestic prop trade houses. This was done in 2Q25 to finance its investment in Dong Dang-Tra Linh. As a result, despite 12% YoY growth in 2025 NPAT-MI, 5% growth in EPS is expected due to share dilution.

The rights issuance offer would start in 4Q25 at a targeted amount of VND497bn (USD19bn) to finance its investment in the Cam Lam – Vinh Hao PPP projects. Deo Ca Group would aim for higher ownership after this deal.

BOT: We expect HHV can get capital injection from the Government from 2027

HHV manages and operates 15 stations for four BOT projects, including Deo Ca Road tunnel; Bac Giang-Lang Son expressway; Phuoc Tuong-Phu Gia tunnel; and the expansion of highway 1A (QL1A) in Khanh Hoa province.

Figure 11: HHV's BOT projects

No	Projects	Total investment (VNDbn)	HHV ownership	Toll collection duration	Location	Committed Project IRR
1	Bac Giang- Lang Son expressway	13,104	65%	28 years 7 months (2020-2049)	Bac Giang - Lang Son	11.5%
2	Road Tunnels through Deo Ca (Deo Ca Tunnel, Co Ma Tunnel, Cu Mong Tunnel, Hai Van Tunnel)	18,027 (State budget: 26%)	73%	27 years 5 months (2018-2046)	Central Vietnam	Hai Van tunnels: 11.5%, others: 9.15%
3	Phuoc Tuong - Phu Gia road tunnel	1,518	99%	19 years (2016 - 2035)	Phuc Loc, Thua Thien Hue	11.5%
4	National Highway 1 Expansion Project - Khanh Hoa province	2,644	47%	21 years 8 months (2016 - 2038)	Khanh Hoa	11.5%
5	Cam Lam - Vinh Hao project	8,925	38%	17 years (2024-2041)	Khanh Hoa, Ninh Thuan, Binh Thuan	9-10%
6	Dong Dang - Tra Linh expressway (phase 1)	14,114 (State budget: 70%)	14% (40% target)	22 years 4 months (2026-2048)	Lang Son, Cao Bang	12%

Source: Company Information, VNDIRECT Research

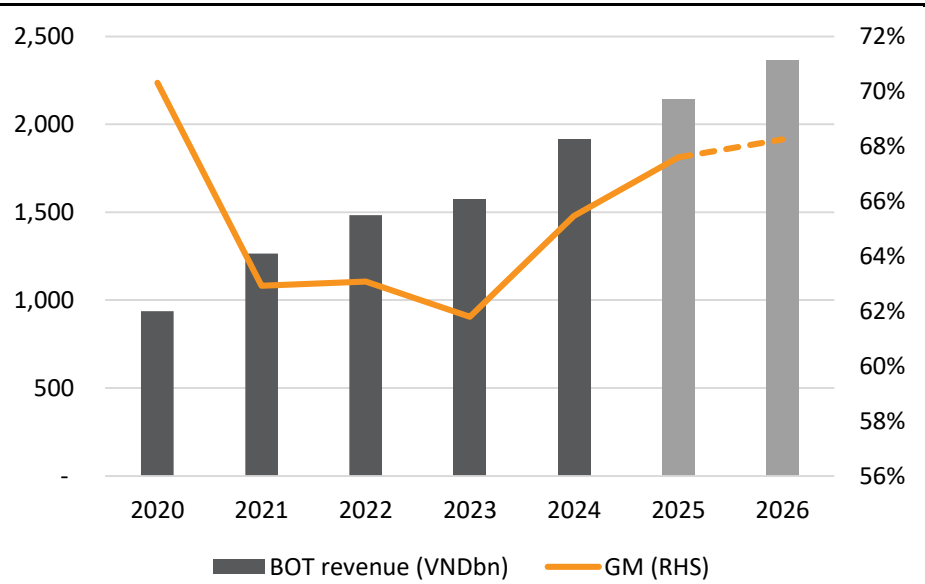
We estimate that total toll collection revenue in 2024 was VND1.9tn (USD74mn) while the total interest expense was VND2tn (USD78mn). In two out of three projects where HHV owns more than 50% (Deo Ca and Bac Giang-Lang Son), cash inflow is insufficient to cover interest expenses and other costs. However, HHV's unpaid interest is managed through a special payment arrangement, allowing HHV to defer payments until future revenue increases from the BOT projects. Additionally, HHV is not required to pay interest on the outstanding balance of unpaid interest. Hence, we believe that HHV will be able to repay this in the future, supported by;

- 1) steady growth in toll collection revenue driven by expanded highway connectivity and increasing car ownership in Vietnam. Since 2021, BOT revenue has grown at double-digit rates, except for 2023, when it increased by only 6%. This growth has primarily been driven by the annual rise in traffic volume.
- 2) We expect HHV can get a capital injection from the Government from 2027:

Bac Giang – Lang Son project: VND4.6tn (USD175mn) - due to actual revenue not meeting initial financial plan numbers – is expected to be received in 2027 (vs our previous assumption of 2028)

Deo Ca project: VND2.4tn (USD91mn) - due to the lack of La Son - Tuy Loan BOT - is expected to be received in 2027-2029 (vs our previous assumption of 2030-2032)

Figure 12: HHV's 2020-2026F BOT toll collection revenue and its gross margin



Source: Fiigroup, VNDIRECT Research

For the Bac Giang Lang Son project, if we assume that the project would receive VND4.6tn (USD175mn) from the State budget in 2027, the forecast project IRR would be 9.5%.

For the Deo Ca project, if we assume Deo Ca would receive VND2.4tn (USD91mn) in 2027-2029, the forecast project IRR would be 8.7%.

For Phuoc Tuong-Phu Gia, if we assume 30% of total revenue flow from Bac Hai Van in the Deo Ca project is used to pay back this project, we forecast a 9.6% project IRR.

These forecast IRRs are lower than the committed project IRRs.

Valuation: Maintain a BUY rating with blended TP of VND15,000

Our TP is generated from the DCF method, and the P/E and P/B valuations of the three core businesses of HHV: toll collection, construction and operation & maintenance.

Figure 13: Target price

Method	Target Multiple (x)	Implied share price	Weight	Weighted target price
P/E	14.0x	16,600	33%	5,600
P/B	0.70x	15,700	33%	5,300
DCF		12,000	33%	4,000
Target Price				15,000
Upside				15%
			2025	2026
FW P/E			14.6x	12.7x
FW P/B			0.71x	0.67x

Source: VNDIRECT Research

Figure 14: Assumptions

Cost of Equity and WACC	
Risk free rate	3.0%
Risk premium	8.4%
Beta	1.2
Cost of equity	13.0%

Source: VNDIRECT Research

Figure 15: DCF valuation (VNDbn)

Project name (VNDbn)	Valuation method	Valuation	Ownership	HHV's valuation
BOT	DCF			28,516
<i>Bac Giang - Lang Son</i>		15,701	65%	10,211
<i>Deo Ca</i>		20,012	73%	14,691
<i>Phuoc Tuong - Phu Gia</i>		1,745	99%	1,734
<i>Khanh Hoa</i>	P/B=1.2.x	575		575
<i>Cam Lam Vinh Hao</i>	P/B=1.2.x	485		485
<i>Others (ICV, Dong Dang - Tra Linh, CLVH-BCC)</i>	P/B=1.2.x	820		820
Construction	DCF		100%	633
O&M & other services	DCF		100%	500
EV				29,649
Add cash				206
Minus total debt				18,778
Minus non-interest-bearing interest balance				5,599
Equity value				5,479
Share count - mn				497
Target price				12,000
Upside				-15.3%
2025 P/B				0.61
2025 P/E				11.7

Source: VNDIRECT Research

We think that the target multiples of HHV will be re-rated higher this year mainly due to expected public investment disbursement growth of 23%. HHV was re-rated to 0.7x from 0.5x at the beginning of 2025, equivalent to the five-year average P/B. Meanwhile, HHV is trading at a current P/E of 13.7x, and could potentially be re-rated to its two-year average P/E of 15x.

Figure 16: P/E and P/B valuations

P/E	2024	2025F	2026F
Group NPATMI (VNDbn)	405	510	587
EPS (VND)	973	1,026	1,180
EPS growth	-4%	5%	15%
Outstanding shares (Mn)	432	497	497
Target Multiple (x)		14.0x	14.0x
Target price (VND)		14,400	16,600

P/B	2024	2025F	2026F
Book Value (VNDbn)	9,443	10,551	11,138
BVPS (VND)	21,845	21,211	22,391
ROE	4.3%	4.9%	5.3%
Outstanding shares (Mn)	432	497	497
Target Multiple (x)		0.70x	0.70x
Target price (VND)		14,900	15,700

Source: VNDIRECT Research

Upside risk: HHV could receive new infrastructure contracts at a faster pace than our expectation.

Downside risks include:

- 1) Disbursement of public investment is slower than expected, which negatively affects the construction progress of projects, and newly signed contracts are delayed longer than expected;
- 2) Increase in price of construction materials exceeds expectations;
- 3) EPS diluted as large capital raising is not turned into profit or the private placement is done at a low valuation.

Income statement

(VNDbn)	2020A	2021A	2022A	2023A	2024A	2025E	2026F
Net revenue	1,201	1,861	2,095	2,686	3,308	3,643	4,006
Cost of sales	(499)	(936)	(1,078)	(1,605)	(1,964)	(2,105)	(2,281)
Gross Profit	702	925	1,017	1,080	1,344	1,538	1,725
SG&A	(102)	(95)	(73)	(61)	(72)	(73)	(80)
Operating EBIT	600	830	944	1,020	1,272	1,465	1,645
Operating EBITDA	801	1,092	1,227	1,331	1,640	1,836	2,046
D&A	201	262	284	311	367	370	401
Financial income	8	22	5	26	48	30	30
Financial expense	(480)	(551)	(648)	(667)	(814)	(855)	(929)
Net other income	(1)	21	(0)	(2)	(1)	0	0
Pre-tax profit	178	333	354	425	558	699	805
Tax expense	(2)	(43)	(57)	(60)	(85)	(106)	(122)
NPAT	176	291	297	364	473	593	683
NPAT-MI	137	269	264	322	405	510	587

Balance sheet

(VNDbn)	2020A	2021A	2022A	2023A	2024A	2025E	2026F
Cash & equivalents	277	262	382	296	310	700	1,276
ST investments	0	70	73	77	5	5	5
Accounts receivables	395	646	457	690	981	911	1,002
Inventories	73	38	161	77	70	105	97
Other current assets	699	372	111	36	22	22	22
Total current assets	1,444	1,389	1,184	1,176	1,388	1,742	2,402
Fixed assets	23,692	28,704	28,562	28,329	27,721	27,550	27,349
Total investments	457	478	531	497	1,065	1,880	2,580
Other long-term assets	5,475	12	14	0	12	12	12
Total assets	32,417	33,963	35,653	36,780	38,804	39,802	40,750
Short-term debt	341	236	873	1,004	1,080	1,000	1,000
Accounts payable	1,067	1,129	1,095	1,106	899	1,053	1,141
Other current liabilities	960	585	584	488	990	490	490
Total cur. liabilities	3,577	3,235	3,857	3,144	3,691	3,258	3,346
Total long-term debt	20,744	20,872	19,780	19,280	17,912	17,839	17,759
Total Liabilities	25,032	26,287	27,278	28,047	27,896	27,702	27,968
Share capital	2,674	2,674	3,078	3,294	4,323	4,974	4,974
Retained earnings	288	557	821	922	1,095	1,369	1,956
Minority interest	1,147	1,168	1,198	1,237	1,465	1,548	1,644
Shareholder equity	4,113	4,403	5,103	5,460	6,900	7,891	8,574
Total resources	32,417	33,963	35,653	36,780	38,804	39,802	40,750

Cash flow statement

(VNDbn)	2020A	2021A	2022A	2023A	2024A	2025E	2026F
Pretax profit	178	333	354	425	558	699	805
Depreciation & amortisation	201	262	284	311	367	370	401
Interest paid	(8)	(56)	(58)	(70)	(101)	0	0
Other adjustments	(249)	(8)	(56)	(58)	(70)	(101)	0
Change in WC	(864)	(927)	(862)	(935)	(549)	(1,196)	(579)
CFO	(13)	162	365	393	1,072	729	1,556
Capex	(1,320)	(239)	(197)	(129)	(259)	(200)	(200)
Proceeds from assets sales	3	38	(3)	16	0	0	0
Others	13	2	5	21	(338)	(400)	(700)
CFI	781	22	(51)	(388)	(461)	261	(80)
New share issuance	0	0	404	0	830	415	0
Shares buyback	0	0	0	0	0	0	0
Net borrowings	781	22	(455)	(383)	(1,288)	(154)	(80)
Dividends paid	0	0	0	0	(0)	0	0
CFF	781	22	(51)	(388)	(461)	261	(80)
Beginning cash and equivalents	812	277	262	382	296	310	700
Total cash generated	(536)	(15)	120	(86)	14	390	576
Ending cash and equivalents	277	262	382	296	310	700	1,276

Key ratios

	2020A	2021A	2022A	2023A	2024A	2025E	2026F
Growth ratio							
Revenue	152%	55%	13%	28%	23%	10%	10%
COGS	90%	87%	15%	49%	22%	7%	8%
EBITDA	295%	36%	12%	8%	23%	12%	11%
EBIT	286%	38%	14%	8%	25%	15%	12%
EBT	12%	88%	6%	20%	31%	25%	15%
NPAT	13%	66%	2%	23%	30%	25%	15%
NPAT-MI	-32%	96%	-2%	22%	26%	26%	15%
Margin ratio							
Gross margin	58%	50%	49%	40%	41%	42%	43%
SG&A as of sales	8%	5%	3%	2%	2%	2%	2%
EBITDA margin	67%	59%	59%	50%	50%	50%	51%
EBIT margin	50%	45%	45%	38%	38%	40%	41%
EBT margin	15%	18%	17%	16%	17%	19%	20%
NPAT margin	15%	16%	14%	14%	14%	16%	17%
Tax margin	-1%	-13%	-16%	-14%	-15%	-15%	-15%
Earnings ratio							
ROA	0.5%	0.9%	0.8%	1.0%	1.2%	1.5%	1.7%
ROE	2.4%	3.8%	3.6%	4.2%	4.3%	4.9%	5.3%
Activity ratio							
Day AR on hands	120	102	96	78	92	91	91
Day Inventory on hands	53	22	34	27	14	18	16
Day AP on hands	780	428	377	250	186	183	183

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

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.

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.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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