VALUATION UPDATE REPORT

INDUSTRY: ELECTRICITY & REAL ESTATE — **August, 22nd 2025**

HA DO GROUP JOINT STOCK COMPANY (HSX: HDG)

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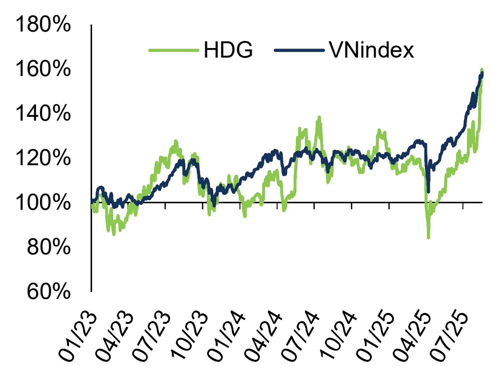
Translator: **Do Chu Hoang Linh, Vu Duc Nguyen**

Current Price:	**31.150**	**Recommendation**
Target Price:	**38.100**	**BUY**
Differences:	**+22,3%**	

HDG and VNIndex price movements



Transaction Information (21/08/2025)	
Current Price (VND/share)	31,150
52-week high price (VND/share)	33,950
52-week low price (VND/share)	17,902
Number of listed shares (million shares)	370
Number of shares outstanding (million shares)	370
30-day average trading volume (shares)	9,013,639
% foreign ownership	18.28%
Capitalization (billion VND)	11,487
Trailing 12-month P/E (times)	27.3x
Trailing 12-month EPS (VND/share)	1,139

Business overview	
Name	Ha Do Group JSC
Address	8 Lang Ha, Giang Vo Ward, Ha Noi
Main revenue	Electricity generation, real estate business
Main expense	Depreciation, real estate development, interest
Main risks	Weather, legal, interest rate and exchange rate fluctuation

REMOVE BOTTLENECKS, AIM FOR GROWTH

We recommend **BUY** HDG with a target price of **38,100VND/share, 22.3%** higher than the closing price on August 21, 2025. The target price is determined using the Sum-of-the-parts (SOTP) valuation method (details)
.

INVESTMENT THESIS:

► The electricity sector remains positive thanks to favorable weather, capacity growth prospects and provision reversal expectations.

- Revenue and gross profit in the electricity sector for 2025 are expected to grow by 16% and 23% YoY, respectively. Among these, hydroelectric, which accounts for the largest share (70% of electricity revenue), continues to show positive prospects due to favorable hydrological conditions. We expect hydroelectric output in 2H2025 and full-year 2025 to grow by 4% and 19% YoY, respectively. (details) .

- From 2026-2030, the electricity sector's capacity is projected to increase with the operation of three hydropower plants (total capacity of 46MW) and several wind power projects under development following the issuance of the 2025 wind power pricing framework. (detail)

- We expect HDG may benefit from a reversal of provisions related to the Hong Phong 4 solar power plant (~550 billion VND) due to EVN's new proposals for handling violations, which are more accommodating (details)

► Real estate sector recovers thanks to Charm Villas launch and projects facilitated by NOTM Pilot Mechanism.

- HDG has officially launched Phase 3 of the Charm Villas project, expected to generate 3,500 billion VND in revenue for HDG with high profit margins due to elevated selling price in Hanoi. (details)

- HDG has three projects cleared of obstacles thanks to Resolution 171 on the NOTM Pilot Mechanism for projects without residential land. These are three key projects that will support the continued recovery of HDG's real estate sector in the 2026-2030 period. (details)

INVESTMENT RISK:

► Legal risks: HDG's solar power and real estate projects are still in the process of resolving legal issues, with ongoing risks of provisions or delays due to legal complications. (details)

► Weather risk: The output of HDG's power plants is almost entirely dependent on weather conditions. (details)

► Risk of interest rate and exchange rate fluctuations. HDG has over 5,000 billion VND in outstanding debt with floating interest rates, including foreign currency debt in EUR equivalent to 600 billion VND. (details)

I. BUSINESS OVERVIEW

Ha Do Group Joint Stock Company (HDG) has over 35 years of experience in the fields of construction and real estate and has been officially listed on the Ho Chi Minh City Stock Exchange since 2010.

Electricity generation and real estate business are HDG's two most important business sectors, accounting for the largest proportion of its revenue structure. Additionally, HDG is also active in other areas such as construction, hotel operations, property management, and real estate leasing.

Overview of HDG's main business activities

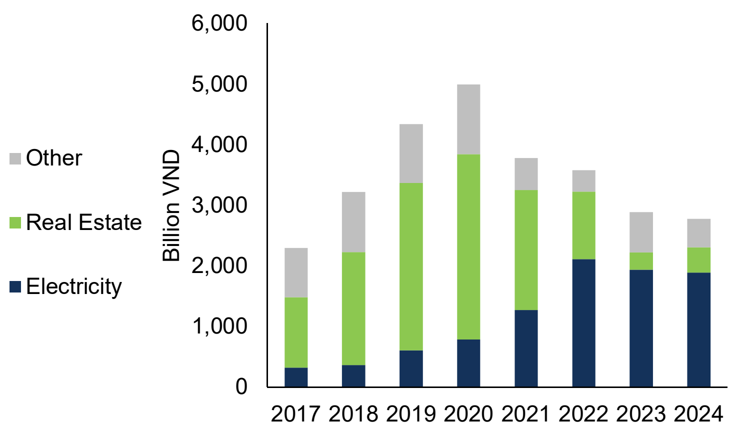
HDG's business performance showed a downward trend during the 2021–2024 period due to challenges in both its core business sectors: Real Estate and Electricity Generation, with the most significant difficulties stemming from legal bottlenecks. Specifically,

- Real Estate revenue sharply declined due to tightened legal regulations in the industry, which prevented HDG from launching new projects to replace completed ones.

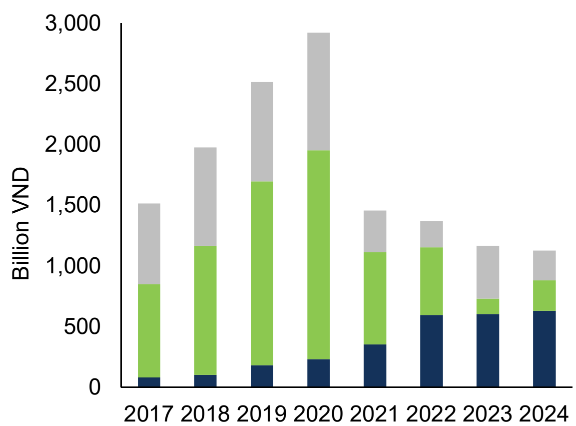
- Electricity Generation revenue stagnated from 2022 onward after the FiT (Feed-in Tariff) pricing mechanism expired, and delays in issuing new pricing policies hindered investments in capacity expansion. Additionally, HDG's 2024 profits decreased due to provisions made for its solar power plants, which were included in a list of renewable energy facilities under inspection for regulatory violations.

However, from the second half of 2025, legal bottlenecks are gradually being resolved, creating a more positive outlook for HDG's business sectors in the near future.

Revenue Structure



Gross profit structure



Source: HDG, FPTS research

II. 1H2025 UPDATE BUSINESS RESULTS

❖ **Business results decreased due to provisions for Hong Phong 4 Solar Power Plant and no real estate revenue.**

HDG recorded relatively poor business performance in 1H2025. Specifically, net revenue reached 1,193 billion VND (-15% YoY), and net profit after tax was 241 billion VND (-34% YoY). The main reasons for the decline in HDG's business results include: (1) Provisions set aside for the Hong Phong 4 solar power plant due to inspection findings related to violations in renewable energy projects. (2) No real estate revenue recorded from Q3/2024 onward, as all previous projects had been handed over, and the launch of Phase 3 of Hado Charm Villas was repeatedly delayed. (3) Foreign exchange losses due to the appreciation of the EUR.

Target	1H25	1H24	%YoY	2024	2023	%YoY	Comment
Net revenue	**1,193**	**1,397**	**-15%**	**2,775**	**2,889**	**-4%**	- Electricity generation revenue in 1H2025 surged by 27% YoY, driven by significantly improved output from hydroelectric and wind power.
Electricity generation	*969*	*761*	*+27%*	*1,891*	*1,939*	*-2%*	
Real Estate + Construction	*4*	*407*	*-99%*	*427*	*513*	*-17%*	-However, the real estate sector recorded no revenue due to the continued postponement of the Phase 3 Charm Villas.
Hotel + real estate leasing	*234*	*229*	*+2%*	*456*	*437*	*+4%*	
Revenue deduction	*(25)*	*-*		*-57*	*-*		
Cost of goods sold	**527**	**697**	**-24%**	**1,127**	**1,166**	**-3%**	- Cost of goods sold in 1H2025 decreased by 25% mainly due to the absence of recording the real estate sector. Cost of goods sold in the electricity sector remained stable, only decreasing slightly by 5% YoY.
Gross profit	**655**	**701**	**-7 %**	**1,591**	**1,732**	**-8%**	
Electricity generation	*670*	*445*	*+ 51 %*	*1261*	*1332*	*-5 %*	
Real Estate + Construction	*-41*	*149*	*-128 %*	*164*	*181*	*-9 %*	- Gross profit 1H2025 reduced by 7% YoY. Gross profit of electricity sector increased by 51% YoY but was not enough to offset the decline of real estate sector.
Hotel + real estate leasing	*51*	*106*	*-52 %*	*222*	*210*	*+ 6 %*	
General & Administration expenses	132	33	+300%	446	218	+105%	General & Administration expenses increased sharply due to provision for receivables related to Hong Phong 4 solar power plant.
Financial revenue	34	21	+62%	60	40	+50%	
Financial expenses	262	201	+30%	368	569	-35%	1H2025 financial expenses increased by 30% due to recording an exchange rate loss of 100 billion VND related to a loan in EUR.
Other profits	-14	10		-258	2		Other profits did not have many fluctuations in 1H2025. However, in 2024, HDG set aside a short-term provision of 209 billion VND, recorded in other expenses and caused other profits to decrease sharply.
Profit before tax	**278**	**444**	**-37%**	**573**	**963**	**-40%**	HDG's profit decreased considerably in 1H2025 and in 2024 mainly due to provisions and exchange rate losses.
Consolidated net profit after tax	241	363	-34%	447	866	-48%	
Parent company's net profit after tax	**130**	**285**	**-54%**	**348**	**665**	**-48%**	

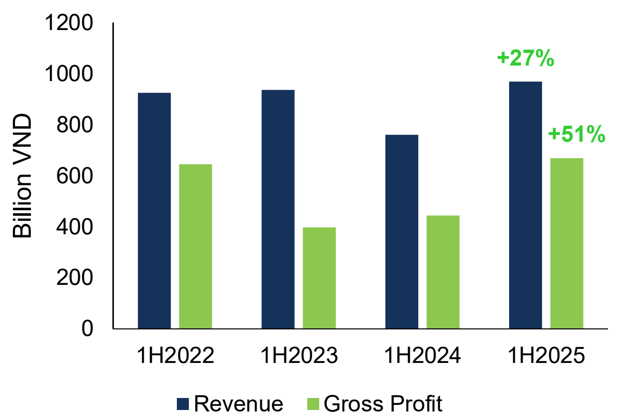
1. Electricity sector: Electricity output increased sharply, selling price was stable but provisions had to be made

❖ **Improved power output led to a positive recovery in HDG's electricity generation sector, with revenue and gross profit increasing by 27% YoY and 51% YoY, respectively, in 1H2025.** The strong performance was driven by a robust recovery in power output, with significant contributions from hydroelectric and wind power.

Specifically, HDG's total power output in 1H2025 reached 633 million kWh (+45% YoY), with hydroelectric and wind power growing by 63% YoY and 41% YoY, respectively.

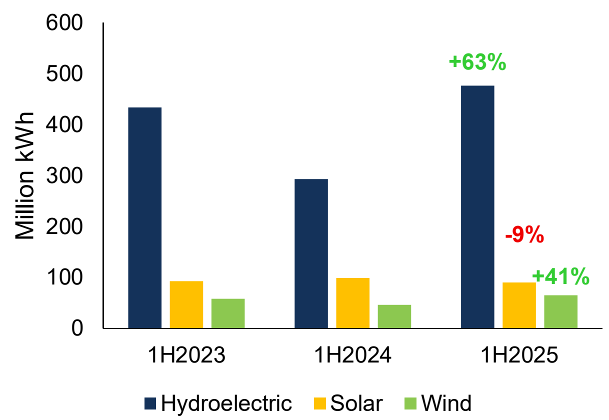
- ***Hydroelectric (85% of output) recovered thanks to positive hydrology.*** The positive hydrological situation in 1H2025 enabled HDG's hydroelectric plants to maintain high output levels. Hydroelectric output reached 477 million kWh (+63% YoY), a significant increase from the low base in 1H2024, which was impacted by the peak of El Niño.
- ***Wind power (7% of output) grew strongly thanks to the removal of capacity curtailment.*** On January 20, 2025, HDG signed an amendment to the PPA contract with EVN, eliminating the capacity curtailment commitment for the 7A wind power plant after the grid infrastructure for capacity relief in the area became operational. This is expected to boost the plant's output by 20%.
- ***Solar power (9% of output) decreased slightly:*** Solar power output in 1H2025 reached 90 million kWh, down -9% YoY due to unfavorable weather for solar power.

Electricity sector's revenue and gross profit recovered...



Source: HDG Financial Statements

...thanks to improved hydroelectric and wind power output



Source: HDG

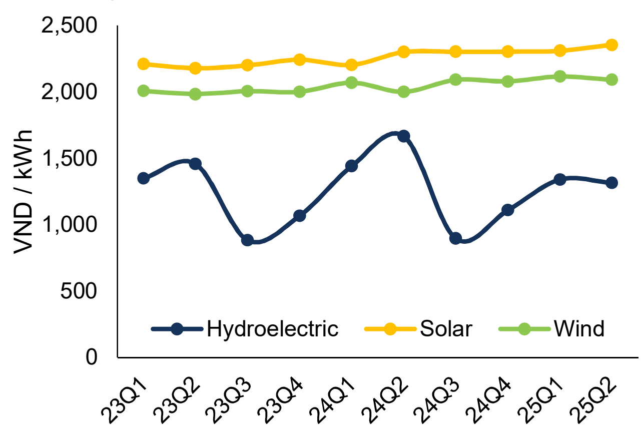
❖ **The electricity price mechanism remains unchanged, solar and wind power price increased due to the increase in USD exchange rate, while hydroelectric selling price decreased compared to the same period.**

The average selling price of HDG's electricity generation sector remained relatively stable due to unchanged pricing mechanisms for its power plants, although solar power plants face the risk of price reductions as they are listed in Inspection Conclusion No. 1027/KL-BCT for violations.

- In 1H2025, wind power and solar power plants continued to record revenue based on the FiT pricing mechanism. Selling price has not been adjusted downward and was even showing a slight upward trend in line with USD exchange rate movements.

- The average hydroelectric selling price in 6M2025 was 1,325 VND/kWh, down 14% YoY. Despite unchanged pricing mechanisms, the hydroelectric price decreased due

Electricity prices remain stable



Source: HDG

to favorable hydrological conditions, which led to a sharp decline in electricity market prices compared to the same period last year.

❖ **HDG had to set aside provisions because EVN temporarily withheld electricity payment.**

In 2024 and 1H2025, HDG made provisions of approximately 507 billion VND and 52 billion VND, respectively, related to electricity payment receivables for the Hong Phong 4 solar power plant, significantly contributing to a sharp decline in HDG's consolidated net profit after tax, down -48% YoY in 2024 and -54% YoY in 1H2025. The specific provisions are as follows:

- 2024:

+ Full provision of 298 billion VND for receivables from the Hong Phong 4 solar power plant, recorded as general & administration expenses.

+ Additional provision of 209 billion VND for contingent liabilities, recorded as other expenses.

-1H2025: Provision of 52 billion VND for new revenue generated in 1H2025, recorded as general & administration expenses.

Reason for deduction:

Two of HDG's solar power plants are listed among the 173 projects flagged for violations under Inspection Conclusion No. 1027/KL-TTCP. Specifically: The Hong Phong 4 solar power plant violated regulations due to its construction on land reserved for titanium mineral resources. The SPINFRA 1 solar power plant violated regulations by being incorrectly eligible for the FiT pricing mechanism. Both plants are also in violation because the Certificate of Commercial Acceptance (CCA) from state authorities was issued later than the Commercial Operation Date (COD) and after the deadline to qualify for FiT pricing. Notably, the Hong Phong 4 solar power plant still has not received its CCA due to its location on mineral resource land.

Violations of the factories and EVN's temporary payment plan

Factory	Violate	Current electricity price	CCA approval time	Deadline COD price FIT 1	Deadline COD price FIT 2	Provisional payment price	Estimated payment	Provisioning
Hong Phong 4	Building on titanium mineral reserve land	FiT1 (9.35 cents)	Not CCA approved	30-06-19	31-12-20	Payment suspension from August 2023	~ 500 billion VND	Fully provisioned
SP-INFRA 1	(1) Applying FiT price to wrong subjects (2) CCA approval after COD	FiT1 (9.35 cents ~2,350 VND/kWh)	28-02-23	30-06-19	31-12-20	Transitional price ceiling (1,185 VND/kWh)	~ 200 billion VND	Not yet provisioned

Source: FPTS research

The final resolution for the affected power plants has not yet been finalized. EVN is currently recognizing revenue for these plants under the FiT1 pricing mechanism but is making temporary payments at a reduced rate, withholding the remaining amount. EVN has proposed several handling options and temporary payment plans, primarily based on comparing the Certificate of Commercial Acceptance (CCA) issuance date with the Commercial Operation Date (COD) and the FiT pricing deadlines. The proposed options are as follows:

+ Option 1: Determine the new electricity price based on the CCA issuance date (EVN is currently making temporary payments based on this option)

Under this option, both plants would be subject to transitional electricity price, as their CCAs were issued after the FiT2 deadline. EVN has suspended payments for Hong Phong 4 due to its lack of CCA and is temporarily paying SPINFRA 1 at 1,185 VND/kWh (the ceiling of the transitional price framework).

+ Option 2: Retain the FiT price but require retroactive repayment for the period before CCA issuance

The plants would retain the FiT1 price based on their original COD. However, the project owners would need to repay the price differential for the period from COD to CCA issuance.

Under this option, we estimate the repayment for SPINFRA 1 to be approximately 200 billion VND and for Hong Phong 4 around 500 billion VND (potentially higher due to the absence of a CCA).

However, project owners have not agreed to these proposed options. The primary reason is that, prior to 2023, CCA was not a mandatory requirement for plants to achieve COD. Following EVN's proposals, many project owners, particularly foreign investors, have raised objections. As a result, EVN is considering new proposals to avoid negatively impacting the investment environment in the sector.

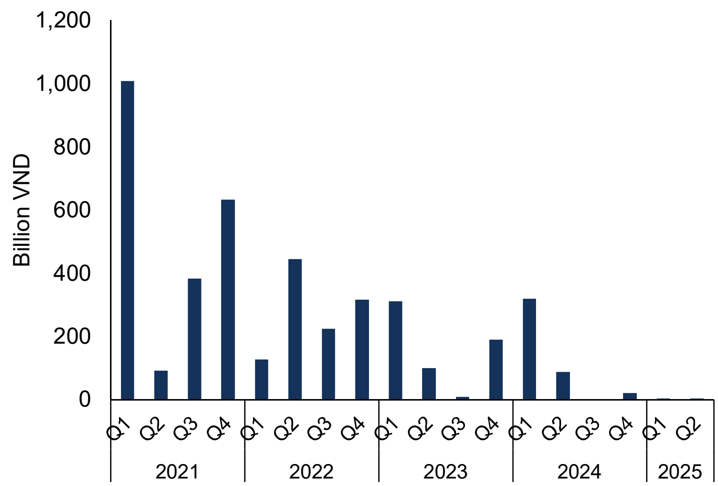
2. Real Estate Sector: Continues to record no revenue in 1H2025

The real estate sector of HDG has seen a continuous decline in revenue from 2022 due to the completion and handover of all existing projects and repeated delays in launching new projects.

Since Q3/2024, HDG has recorded no additional real estate revenue as all products from Charm Villas Phase 2 were fully handed over, and no new sales launches have occurred since then. The advances from buyers were fully recognized in Q2/2024, and the inventory value has remained unchanged from that point to the present.

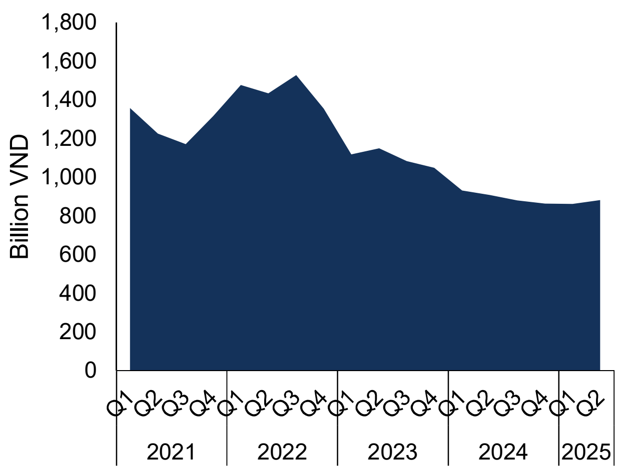
Moving into Q3/2025, we expect HDG to resume recording real estate revenue as the company has officially launched Charm Villas Phase 3, and other HDG projects are gradually resolving their legal issues.

HDG has not record real estate revenue since Q3/2024



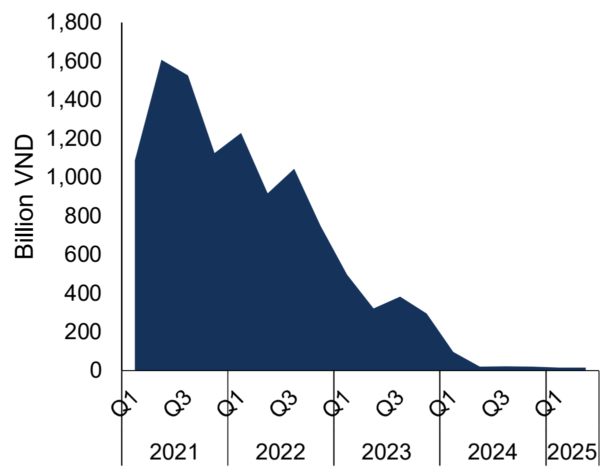
Source: HDG Financial Statements

HDG inventory



Source: HDG Financial Statements

Buyer pays HDG in advance



Source: HDG Financial Statements

III. BUSINESS OUTLOOK

We forecast HDG's 2025 business results as follows:

Target	2025	2024	%YoY	2025 plan	%PPC in 2025
Net revenue	**3,692**	**2,718**	**+ 36 %**	**2,936**	**126%**
Electricity generation	*2,193*	*1,891*	*+16%*		
Real Estate + Construction	*1,010*	*415*	*+139%*		
Hotel + real estate leasing	*514*	*456*	*+13%*		
Revenue deduction	*(25)*	*(57)*	-		
Gross profit	**2,534**	**1,591**	**+59 %**		
Electricity generation	*1,551*	*1,261*	*+23%*		
Real Estate + Construction	*720*	*152*	*+374 %*		
Hotel + real estate leasing	*264*	*222*	*+19%*		
General & Administration expenses	260	446	-42%		
Financial revenue	51	60	-16%		
Financial expenses	389	370	+5%		
Other profits	1	(258)	-		
Profit before tax	**1,910**	**573**	**+ 233 %**		
Consolidated net profit after tax	1,624	447	+263%	1,057	154%
Parent company's net profit after tax	**1,403**	**348**	**+ 303 %**		

Source: FPTS research

The projections are based on our assessment of HDG's outlook:

- Electricity Generation Sector: Revenue and gross profit for 2025 are expected to reach 2,193 billion VND (+16% YoY) and 1,551 billion VND (+23% YoY), respectively, driven by positive output performance from hydroelectric and wind power.

- Real Estate Sector: Revenue and gross profit for the real estate (and construction) sector in 2025 are projected to reach 1,010 billion VND (+139% YoY) and 720 billion VND (+374% YoY), respectively, reflecting a strong recovery due to the launch of Charm Villas Phase 3.

In the 2026–2030 period, we expect HDG to gain new growth momentum as legal issues for both electricity generation and real estate projects are being resolved, enabling implementation in the coming period.

A more detailed analysis of the outlook for the electricity generation and real estate sectors will follow, as outlined below:

1. Electricity sector (60% of revenue): Positive hydroelectric performance, capacity expansion prospects due to new electricity pricing mechanisms, and expectations for the reversal of solar power receivable provisions.

(Back)

1.1. Electricity Output in 2025 Expected to Remain Positive Due to Favorable Weather Conditions

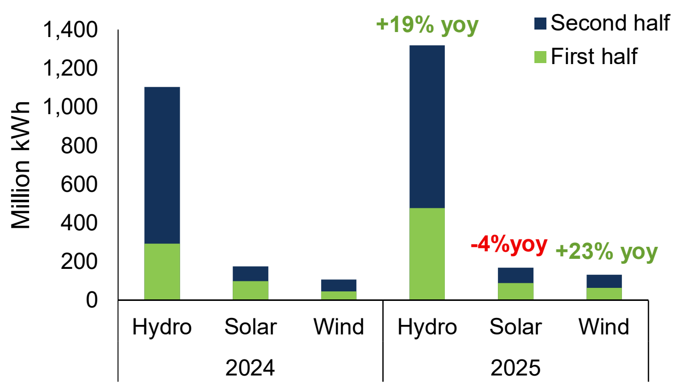
We project HDG's total electricity output in 2025 to reach 1,620 million kWh (+12% YoY), driven by positive prospects for hydroelectric and wind power. Specifically,

- ***Hydroelectric is positive thanks to continued favorable weather conditions.*** According to IRI forecasts, weather conditions will remain neutral with a tendency toward a cold phase, with a potential return to La Niña in the second half of 2025. These conditions are favorable for hydroelectric plants. As a result, we expect HDG's hydroelectric output in 2H2025 to grow by 4% compared to the high base of 2H2024, leading to a full-year hydroelectric output of 1,319 million kWh (+19% YoY).

- Wind power output improves thanks to the removal of curtailment clause. Output is expected to improve due to the removal of capacity curtailment clauses. We project HDG's wind power output in 2025 to reach 132 million kWh (+23% YoY). In addition to favorable weather for wind power, the elimination of capacity curtailment will drive output growth in 2025.

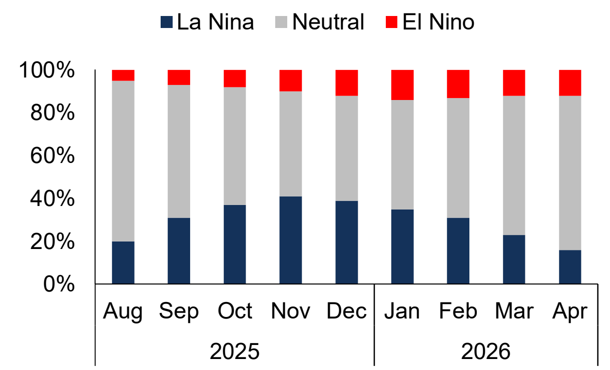
- Solar power slightly decreased -4% YoY and does not greatly affect the overall power output.

Electricity output expected to be positive in 2025



Source: HDG, FPTS research

Weather forecast will still be favorable for hydroelectric



Source: IRI, Mid-July 2025 forecast

1.2. Capacity expansion driven by M&A prospects and new pricing mechanism for wind power

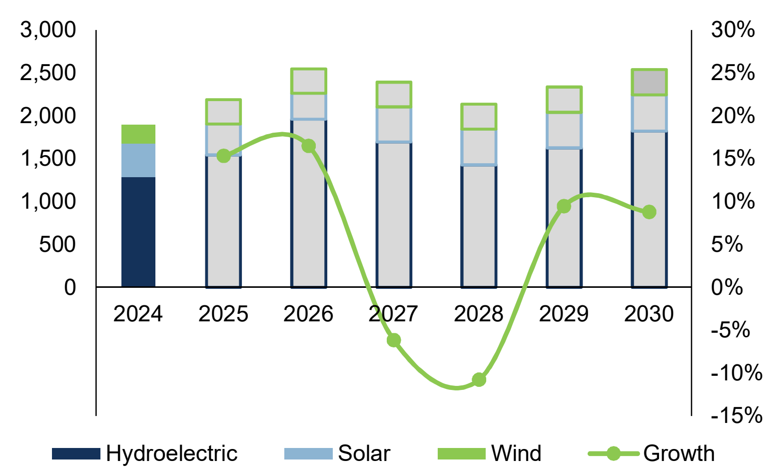
(Back)

In the 2025–2030 period, we expect HDG's electricity generation sector to continue growing, driven by investments in expanding hydroelectric and wind power capacity.

-Hydroelectric: HDG plans to operate three new hydropower plants with a total capacity of 46 MW between 2025 and 2028.

-Wind Power: HDG is researching and preparing to implement new wind power projects following the issuance of a new wind power pricing framework. However, due to limited information and project uncertainties, these projects are not yet included in our projections.

Electricity output forecast for the period 2025 - 2030



Source: FPTS research

❖ ***Hydroelectric sector continues to expand capacity through M&A.***

By 2028, HDG's hydropower capacity is expected to increase by 46 MW, equivalent to 15% of HDG's hydropower capacity and 10% of HDG's total power output in 2024, thanks to the commissioning of new hydropower plants. Specifically:

- In Q2/2025, HDG completed a M&A deal with Truong Thinh Hydroelectric JSC - which owns the La Trong hydroelectric plant project (22 MW). This plant is nearly completed and is expected to be operational in August 2025.
- Previously, HDG also acquired two hydroelectric projects, Son Nham (9 MW) and Son Linh (15 MW). These plants are in the process of finalizing investment procedures and have begun construction on some components. We expect these two plants to be operational in 2027 and 2028, respectively.

Additionally, HDG is researching and preparing to invest in new wind power projects following the issuance of the 2025 Power Generation Pricing Framework for wind power. The projects HDG is preparing to implement include:

Some projects in HDG's investment pipeline

Project	Capacity	Location	Investment form	Progress	Design output (million kWh/year)
La Trong Hydroelectric Plant	22MW	Quang Binh	M&A	Nearly completed, expected to generate electricity from August 2025	87
Son Linh Hydropower Plant	9MW	Quang Ngai	M&A	-Currently finalizing documentation to increase capacity to 9 MW. - Major construction components are underway. - Expected to be completed and operational in 2027	35
Son Nham Hydropower Plant	15MW	Quang Ngai	M&A	- Conducting feasibility studies to increase capacity to 15 MW. - Expected to achieve commercial operation in 2028	59
Phuoc Huu Wind Power Plant	50MW	Ninh Thuan	Investment Policy Approval	Received an investment registration certificate from the Ninh Thuan Provincial People's Committee in April 2024.	Not included in the projection
7A Wind Power Plant – Phase 2	21MW	Ninh Thuan	Investment Policy Approval	Investment Policy Approval has been established	Not included in the projection
Binh Gia Wind Power Plant	80MW	Lang Son	Bidding	- Received a Memorandum of Understanding (MOU) on project investment from the People's Committee of Lang Son province - Has not yet received Investment Approval, and there is a possibility of requiring a bidding process	Not included in the projection
Other wind power projects			Bidding		Not included in the projection

Source: HDG, FPTS research

❖ ***Wind Power Pricing Framework Issued, Resolving Key Bottlenecks for Wind Power Development.***

In May and June 2025, the Ministry of Industry and Trade issued decisions approving the 2025 power generation pricing framework for wind power plants.

The 2025 wind power pricing framework is more attractive than the transitional pricing framework, offering prices approximately 10–20% higher, though still 10–20% lower than the FiT prices. Given the ongoing downward trend in wind power investment costs, we believe this pricing level remains sufficiently attractive and provides significant investment prospects for the wind power sector.

More importantly, the issuance of the pricing framework resolves a critical bottleneck in the investment procedures for wind power projects. The delay in issuing the pricing framework had stalled wind power investments, with nearly no wind power projects implemented in the past three years. With the new pricing framework in place, wind power investment activities are gradually regaining momentum, with numerous investors actively researching and preparing bidding documents for projects.

Ceiling price frame for wind power generation 2025

Type of power plant	North	Central region	Southern	Transitional price	FiT price (2024 exchange rate)
Onshore wind power	1,959.4	1,807.4	1,840.3	1,587.12	*2,047*

Nearshore Wind Power	1,987.4	1,987.4	1,987.4	1,815.95	*2,385*
Offshore Wind Power	3,975.1	3,078.9	3,868.5	n/a	n/a

Source: FPTS research

- **However, new wind power projects will apply a bidding mechanism, increasing competition.**

The investment approach for renewable energy projects in the near future will undergo significant changes. According to the new regulations of the 2024 Electricity Law, renewable energy projects included in the Power Development Plan must organize a bidding process if there are two or more interested investors. HDG will no longer be guaranteed to be the investor for the wind power projects it is currently studying but will have to participate in competitive bidding to be selected as the investor for certain projects.

HDG currently has two projects, Phuoc Huu Wind Power (50 MW) and 7A Wind Power – Phase 2 (21 MW), which already have investment approvals and can be implemented. HDG has also signed a Memorandum of Understanding for the investment in the Binh Gia Wind Power project (80 MW); however, it may still need to participate in bidding to become the investor for this project. Other projects that HDG is studying and planning to implement are also likely to go through a bidding process to select the investor.

1.1. Expectation of reversing receivables provision thanks to EVN's resolution

(Back)

- **Progress has been made from the new violation-handling proposals of EVN.**

The process of resolving obstacles and proposing measures to address violations at renewable energy plants has gradually shown positive developments. The proposals that EVN has put forward are increasingly aimed at providing relief and support to renewable energy investors thanks to:

- Resolution 68-NQ/TW of 2025 on the development of the private economy, which provides the guideline of *"no retroactive application of legal regulations to disadvantage enterprises* " and
- Concerns over the investment environment being negatively affected after investors, including many foreign investors, submitted feedback on previous handling measures proposed by EVN.

Therefore, we expect EVN to issue new proposals that are more supportive for renewable energy investors.

- **HDG may reverse provisions if EVN's new plan is approved.**

Currently, EVN is proposing a new approach to handling violations for the plants. According to this plan:

- HDG's SP-INFRA 1 solar power plant will continue to enjoy the FiT1 price.
- The Hong Phong 4 solar power plant will temporarily be paid at the transitional ceiling price (1,184.9 VND/kWh) starting from August 2025. Once the plant receives its CCA, it will be entitled to the FiT1 price.

If this plan is approved, HDG will not need to set aside a provision for SP-INFRA 1 (~200 billion VND). At the same time, we expect HDG may be able to reverse the provision for Hong Phong 4, estimated cumulatively at around 550 billion VND by June 2025, which would improve profit prospects. We also expect the plant's cash flow to improve when payments resume and receivables temporarily held by EVN are recovered (around 407 billion VND as of June 2025).

- **Expectation for the plant to receive CCA thanks to resolution of mineral regulation obstacles**

Under the above plan, in order to have the FiT price reinstated and be able to reverse the provision, HDG will need to complete the procedures for Hong Phong 4 plant to be granted CCA. On August 8, 2025, the Prime Minister signed Official Dispatch No. 130/CD-TTg, instructing ministries and agencies to resolve obstacles arising from legal regulations in the mining and land sectors. This has been the main obstacle preventing the plant from obtaining CCA approval.

We expect that Hong Phong 4 will be able to complete the procedures and receive CCA in the near future, allowing it to enjoy the FiT price and reverse the provision in 2027.

2. Real estate sector (27% of revenue): Outlook from the launch of Charm Villas Phase 3 and resolution of legal obstacles

We expect the real estate sector to show a positive recovery from Q3/2025 thanks to:

- The Vietnamese real estate market is recovering strongly, particularly in the northern region.
- HDG has officially launched sales for Charm Villas Phase 3.
- Benefiting from the resolution of legal obstacles for real estate projects

2.1. Real estate market showed strong recovery, especially in the North

❖ **The real estate market is recovering well, with Hanoi being the leading bright spot.**

The market has seen a strong recovery since the end of 2024, particularly in Hanoi and surrounding provinces. The recovery has been strongly driven by policy support, specifically:

- New laws in the real estate sector have been enacted to promote a more transparent market and improve buyer confidence. At the same time, numerous policies and special mechanisms have been introduced to remove obstacles for real estate projects, improving market supply.

- Looser monetary policies and high credit growth have increased investment demand in the real estate market and provided abundant capital for developers to implement projects.

- Policies promoting public investment and improving transportation infrastructure have increased real estate value, especially in areas near major cities.

Hanoi has become the leading bright spot driving the real estate sector's recovery due to the strong rebound in housing supply in the market. Housing demand in Hanoi has also surged again, causing multiple sharp price increases in the market, particularly in 2024.

❖ **Real estate price in Hanoi increased sharply in 2024**, with an approximate 20% rise for villas and townhouses. According to CBRE's forecast, price is expected to continue rising during 2025–2027, as housing demand in Hanoi remains high while new supply generally remains insufficient to meet it.

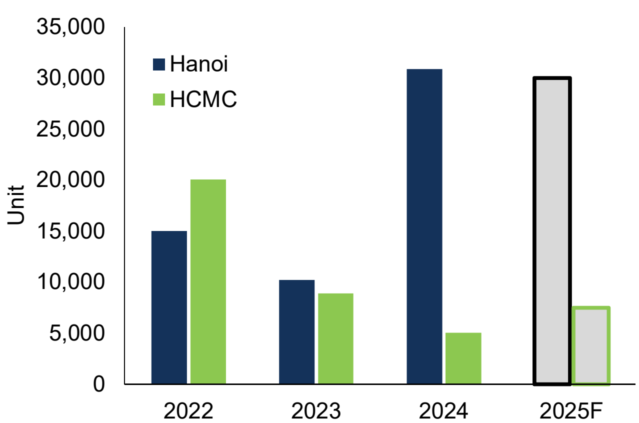
2.2. Launch of Charm Villas sales, expectation of high selling price due to favorable market

(Back)

❖ **HDG has officially launched sales for Charm Villas Phase 3.**

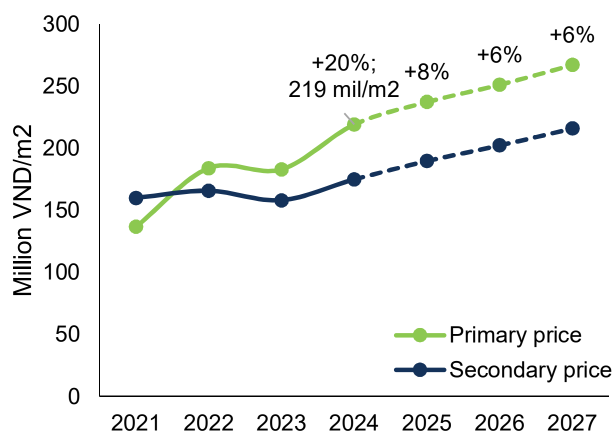
After a long delay, the company began sales in July 2025. HDG has partnered with AHS Property and Dat Xanh Mien Bac to distribute the project. Since all units have been fully constructed, HDG can deliver the units and recognize revenue from the project as early as 2025.

Apartment supply in Hanoi recovers strongly



Source: CBRE

Average selling price of villa sector in Hanoi



Source: CBRE

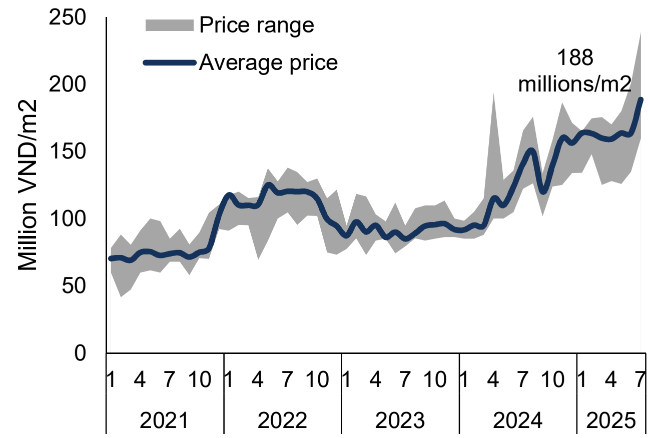
❖ **Real estate price in the area are rising.**

Following the overall upward trend in Hanoi's real estate market, selling price for villas and townhouses in the An Khanh area have increased sharply during 2024–2025.

Specifically, for Charm Villas, the secondary market price of units sold in previous batches have risen to over 188 million VND/m², up 21% YTD and 34% YoY.

Secondary market price at nearby projects have also increased significantly during 2024–2025, ranging from approximately 180–220 million VND/m².

Secondary selling price at Charm Villas project increased sharply



Source: Batdongsan.com

Comparison of Location and Secondary Market Prices of Charm Villas with Nearby Projects

Source: Batdongsan.com, FPTS research

❖ **Expectation for high profit margin from the project thanks to strong selling price growth.**

We expect the project's gross profit margin could reach up to 75%, based on the assumption of an average selling price of 220 million VND/m² and an additional land-use fee of about 500 billion VND.

Given the sharp increase in market prices, HDG has also set very high selling prices for Phase 3. Specifically, the projected selling price is around 205–250 million VND/m² depending on the product type, before discounts. This is significantly higher than the Phase 2 launch in 2021, when prices were only about 60–70 million VND/m².

Meanwhile, the investment cost for the project is relatively low as it was developed a long time ago. The project's current inventory value is about 300–400 billion VND. However, HDG has not yet completed its financial obligations for the project, as the State authorities have not finalized the land-use fee. At present, HDG has only estimated and provisionally recorded land-use fees for the units already handed over.

Since the project has been fully constructed, we expect HDG can hand over units and record revenue starting in 2025. According to the company's plan, HDG will deliver and recognize revenue from around 30 units in 2025, with the remaining units to be recognized during 2026–2027.

Projection of Revenue and Profit from Charm Villas Phase 3

Indicator	Unit	2025	2026	2027
Number of units handed over	base	30	60	18
Average selling price	Million VND/m2	220	220	220
Recognized revenue	Billion VND	990	1,980	594
Gross profit	Billion VND	743	1,485	446

Source: FPTS research

2.3. The pilot resolution on NOTM helps remove obstacles for three projects: Phan Dinh Giot, Minh Long, and Green Lane

HDG is benefiting from the removal of legal obstacles for its real estate projects. Specifically, HDG has three projects (62 Phan Dinh Giot, Green Lane, and Linh Trung) that are being addressed following the National Assembly's issuance of Resolution 171/2024/QH15 on the Pilot Implementation of Commercial Housing Projects without existing residential land ownership.

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After the Resolution was enacted, the People's Committees of Hanoi and Ho Chi Minh City prepared lists of land sites planned for pilot projects. HDG's project at 62 Phan Dinh Giot was included in the first batch of projects in Hanoi and has been approved by the City People's Council. The other two projects of HDG have also been included in the first batch of projects in Ho Chi Minh City; however, the approval process there is slower due to the impact of the provincial and municipal merger.

HDG's real estate projects are currently having their legal obstacles resolved thanks to the pilot mechanism.

Project	Location	Area (ha)	Estimated Investment (billion VND)	Progress
62 Phan Dinh Giot	Thanh Xuan, Hanoi	2.24	4,500	Included in the first batch of projects approved by the Hanoi People's Council.
Green Lane	District 8, HCMC	2.32	2,414	Included in HCMC's first batch of registered projects; the Department of Construction has given feedback and approval from the People's Council is pending.
Linh Trung	Thu Duc, Ho Chi Minh City	2.71	2,127	

Source: FPTS research

After the project list in Hanoi was approved, HDG also completed and submitted the application for Investment Policy Approval (IPA) for the 62 Phan Dinh Giot project. We expect this project to receive IPA approval by the end of 2025, after which HDG will continue completing other legal procedures and could commence construction in the first half of 2027.

For the two projects Green Lane and Linh Trung, we forecast their implementation progress to be about half a year behind that of the 62 Phan Dinh Giot project. The projected timeline for the three projects is as follows:

Projected progress of HDG's real estate projects

	2H2025	1H2026	2H2026	1H2027	2H2027	1H2028	2H2028	1H2029	2H2029
62 Phan Dinh Giot	Investment Policy Approval	Other legal procedures		Start of construction	Sales launch	Construction completion		Hand over	

Green Lane		Investment Policy Approval	Other legal procedures	Start of construction	Sales launch	Construction completion	Hand over
Linh Trung		Investment Policy Approval	Other legal procedures	Start of construction	Sales launch	Construction completion	Hand over

Source: FPTS research

The three projects above are the main growth drivers for HDG's real estate sector after the company completes handover of all units in Charm Villas Phase 3. Although all three projects are of relatively modest scale, they are located in prime areas in the two largest cities. However, we have not yet provided detailed projections since these projects will need to undergo renewed planning procedures and determination of land financial obligations.

IV. INVESTMENT RISK

1. Legal risks

HDG's solar power projects and real estate projects are still in the process of resolving legal obstacles and remain exposed to risks of provisioning requirements or project delays due to legal issues.

- For solar power projects: the final plan for handling violations has not yet been agreed upon. Under EVN's earlier proposals, HDG may not be allowed to continue enjoying the FiT price and could face downward adjustments, while also having to make provisions for both plants.

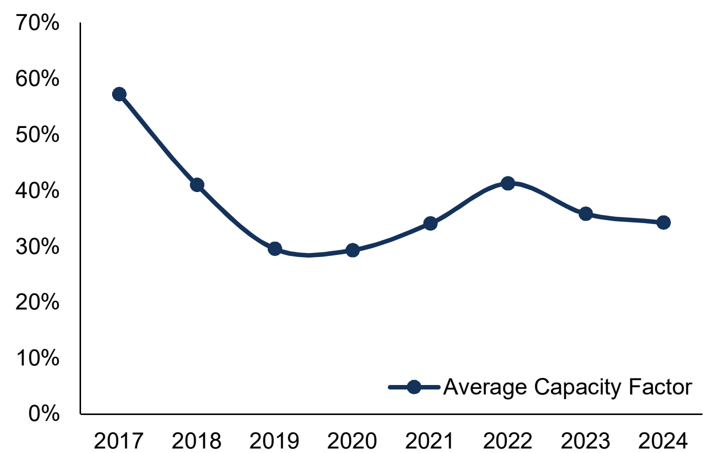
- For real estate projects: although the three projects have overcome the most critical legal bottleneck, they must still complete subsequent legal procedures such as the 1/500 zoning plan, determination of land financial obligations, and construction permits. This exposes the projects to risks of encountering new obstacles and potential delays.

2. Weather risks

The types of power plants HDG owns—hydropower, solar, and wind—are all fully dependent on weather conditions. Annual output of these plants can fluctuate significantly depending on weather conditions each year.

Among them, hydropower has the largest volatility (+/- 20–30% compared to the average) and also accounts for the largest share of HDG's total output (80%). As a result, the average capacity factor of HDG's power plants in the past has often fluctuated significantly and is most affected by El Niño/La Niña cycles.

Performance fluctuations of HDG's factories in the past



Source: HDG, FPTS research

3. Interest rate and exchange rate risks

As of June 2025, HDG had total outstanding debt of over 5,000 billion VND. All of HDG's loans carry floating interest rates, including foreign currency debt of approximately 600 billion EUR. As a result, HDG's profitability remains significantly affected by fluctuations in both exchange rates and interest rates.

In 1H2025, the EUR exchange rate increased by around 15%, leading HDG to record an exchange loss of over 100 billion VND. This was one of the main reasons for the sharp decline in HDG's net profit compared to the same period in 2024.

V. VALUATION AND RECOMMENDATIONS

We value HDG using the Sum of the Parts (SOTP) method, applying different approaches for each business sector:

- DCF method is applied to businesses with reliably estimable cash flows, including: (1) electricity generation, (2) construction, hotel operations, and real estate management & leasing, and (3) Hado Charm Villas Phase 3 project.

- P/B method is applied to feasible real estate projects, including Green Lane, Linh Trung, Noong Tha, and 62 Phan Dinh Giot. We use P/B for these projects to ensure prudence, as they are still undergoing zoning adjustments and lack precise project information. Once detailed information becomes available, we will update the valuation for these projects using the DCF method.

- Other wind power and real estate projects are temporarily excluded from the valuation model and will be updated when more detailed information is available.

The average value per share is **38,100 VND/share, 22.3 %** higher than the closing price on August 21, 2025. HDG still has significant potential upside from projects that we have conservatively assumed and projects not yet included in the valuation model. Therefore, we recommend **BUY** HDG shares.

Valuation results:

DCF Valuation Summary	Value
Equity (billion VND)	**12,384**
FCFE method – 50%	11,999
FCFF method – 50%	12,769

Summary of valuation by P/B	Value
Average P/B of real estate industry	**1.69**
Book Value of projects (billion VND)	**1,010**
Linh Trung	490
Hado Green Lane	293
NoongTha Central Park	116
62 Phan Dinh Giot	111
Equity (billion VND)	**1,709**

Total equity (billion VND)	**14,093**
Number of shares outstanding (million shares)	370
Target price	**38,093**

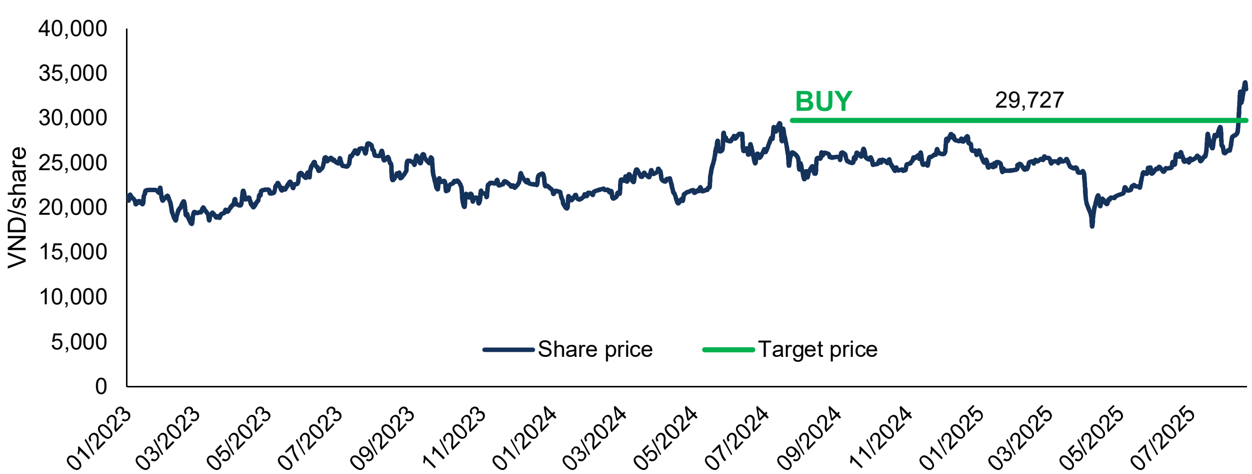
Assumptions under the discounted cash flow method

Model assumptions	August 2025	Change from Jul 2024	Model assumptions	Value	Change from Jul 2024
WACC 2025	12.24%	+0.64 ppt	Market risk premium	10.35%	-0.01 ppt
Cost of debt	6.2%	-3.30 ppt	Beta coefficient	0.84	+5%
Cost of equity	16.07%	+0.84 ppt	Long-term growth	2%	+0.50 ppt
Risk-free rate	3.26%	+0.52 ppt	Forecast period	9 years	-

Peer companies to compare

Business	Stock code	Capitalization 08/21/2025 (billion VND)	Book Value Q2/2025 (billion VND)	Revenue 2024 (billion VND)	2024 Net profit after tax (VND billion)	D/E 2024 (times)	P/B (times)
Vinhomes Joint Stock Company	VHM	406,634	230,611	102,323	31,801	0.31	1.76
Khang Dien House Trading and Investment Joint Stock Company	KDH	40,961	19,707	3,279	810	0.35	2.08
No Va Land Investment Group Corporation	NVL	33,932	51,968	9,073	(6,455)	1.26	0.65
Phat Dat Real Estate Development JSC	PDR	24,005	11,856	822	155	0.38	2.02
Hoang Huy Investment Financial Services JSC	TCH	19,285	12,119	5,427	980	0.08	1.59
Nam Long Investment Corporation	NLG	16,597	14,219	7,196	518	0.45	1.17
Taseco Land Investment JSC	TAL	11,819	4,294	1,684	665	0.80	2.75
Tu Liem Urban Development Joint Stock Company	NTL	2,592	1,723	1,441	620	0.04	1.50
Medium							**1.69**

Recommendation history



No.	Recommendation	Time	Recommended price (adjusted)	Detailed report
1	BUY	Jul 2024	29,727	Initial Valuation Report

SUMMARY OF FORECASTED FINANCIAL STATEMENT

Unit: billion VND

Income Statement	2024	2025F	2026F	2027F
Net revenue	2,718	3,692	5,076	3,549
- Cost of goods sold	(1,127)	(1,158)	(1,478)	(1,119)
Gross profit	1,591	2,534	3,598	2,430
- Selling expenses	(4)	(26)	(53)	(16)
-General & Administrative expenses	(446)	(260)	(274)	(750)
Operating profit	**1,140**	**2,247**	**3,271**	**1,664**
- (Loss)/Gain from financial activities	33	(53)	234	120
- Other profits	(258)	1	2	1
Earning before tax and interest (EBIT)	916	2,196	3,507	1,786
- Interest expenses	(343)	(286)	(275)	(269)
Profit before tax (PBT)	**573**	**1,910**	**3,232**	**1,516**
- Corporate income tax	(126)	(287)	(485)	(227)
Net profit after tax (NPAT)	**447**	**1,624**	**2,747**	**1,289**
- Minority interests	99	220	285	228
- NPAT of parent company	**348**	**1,403**	**2,462**	**1,061**
EPS (VND/share)	1,083	3,793	6,655	2,868

Profitability ratios	2024	2024F	2025F	2026F
Gross profit margin	58.5%	68.6%	70.9%	68.5%
Net profit margin	12.8%	38.0%	48.5%	56.9%
ROE DuPont	5.8%	20.9%	38.0%	36.7%
ROA DuPont	2.5%	9.5%	16.1%	14.4%
EBIT / sales ratio	33.7%	59.5%	69.1%	82.0%
NPAT / PBT	62.6%	87.0%	92.2%	90.8%

Balance sheet	2024	2025F	2026F	2027F
Asset				
+Cash and cash equivalents,	1,068	3,143	1,601	1,497
+Accounts receivable	1,267	1,145	1,112	1,008
+ Inventory	857	553	553	553
+Other short-term assets	35	46	59	45
Total current assets	**3,228**	**4,887**	**3,325**	**3,103**
+ Original price of fixed assets	9,277	9,719	9,161	9,309
+ Accumulated depreciation	*12,284*	*13,264*	*13,264*	*13,984*
+ Remaining value of fixed assets	*(3,007)*	*(3,545)*	*(4,103)*	*(4,675)*
+ Long-term financial investments	59	59	59	59
+ Other long-term assets	384	406	435	387
+ Construction in progress	902	922	1,562	842
Total long-term assets	10,622	11,105	11,217	10,596
Total assets	**13,489**	**15,992**	**14,542**	**13,699**
Debt & Equity				
+ Accounts payable	1,454	1,963	2,613	1,642
+ Short-term loans and debts	631	613	569	769
+ Reward fund	55	62	90	71
Short-term liabilities	**2,140**	**2,638**	**3,273**	**2,482**
+ Long-term loans and debts	4,253	4,282	3,913	3,447
+ Other long-term debts	80	79	101	77
Long-term debts	**4,333**	**4,362**	**4,014**	**3,524**
Total debt				

NPAT / EBIT	60.8%	73.5%	76.2%	76.4%
Total asset turnover	0.2x	0.3x	0.3x	0.3x
Financial leverage	2.4x	2.2x	2.4x	2.6x

	6,473	**7,000**	**7,287**	**6,006**
+ Charter capital	3,363	3,700	3,700	3,700
+ Surplus	375	375	375	375
+ Retained earnings	2,284	3,337	1,303	1,526
Equity	**7,376**	**8,992**	**7,255**	**7,693**
Total capital	**13,849**	**15,992**	**14,542**	**13,699**

Solvency ratios	2024	2025F	2026F	2027F
Current ratio	1.5x	1.9x	1.0x	1.2x
Quick ratio	1.1x	1.6x	0.8x	1.0x
Cash ratio	0.5x	1.2x	0.5x	0.6x
Debt / Equity	0.9x	0.8x	1.0x	0.8x
Short-term debts / Equity	0.3x	0.3x	0.5x	0.3x
Long-term debts / Equity	0.6x	0.5x	0.6x	0.5x
Interest coverage	2.7x	7.7x	12.8x	6.6x

Efficiency ratios	2024	2025F	2026F	2027F
Days Sales Outstanding	3.01	(138.7)	(347.3)	(404.6)
Days Inventory Outstanding	192.18	132.0	81.1	109.0
Days Payables Outstanding	312.77	260.9	136.6	180.4
COGS / Inventory	1.0x	1.1	2.7	2.0

Cash flow statement	2024	2025F	2026F	2027F
Beginning cash	638	638	3,143	1,601
NPAT	458	1,624	2,747	1,289
+ Depreciation	525	538	558	572
+ Adjustments	508	7	7	7
+ Change in working capital	(440)	895	638	(967)
Cash flow from operating activities	1,050	3,064	3,951	901
+ Proceeds from disposals of assets	-	-	-	-
+ Purchase of fixed assets	(18)	(1,000)	(640)	-
+ Other investing activities	(99)	-	-	-
Cash flow from investing activities	(116)	(1,000)	(640)	-
+ Dividends paid	(286)	-	(4,440)	(740)
+ Increase (decrease) in capital	-	-	-	-
+ Change in debts	(547)	11	(413)	(265)
+ Other finance activities	-	-	-	-
Cash flow from financing activities	(833)	11	(4,853)	(1,005)
Net cash increase	101	2,075	(1,542)	(104)
Ending cash	1,068	3,143	1,601	1,497

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