Feb, 17th , 2025

Shinhan Securities



Ha Do Group JSC

[Vietnam / Real Estate]

Bloomberg Code (HDG VN) | Reuters Code (HDG.HM)

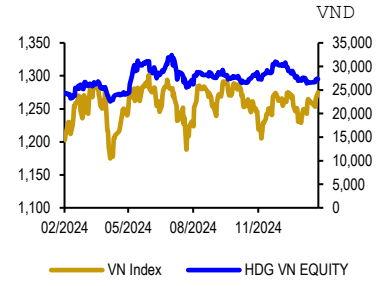
HOLD

Initiation Coverage

Target price (12 months)	**VND 31,500**
Current price (14/02/25)	VND 27,550
Return	14.4%

VNINDEX	1,276
P/E market	10.3
Market Cap (bn VND)	9,265
Outstanding shares (mn)	336
Free-Floating (mn)	180
52-Wk High/Low (VND)	33,000/22,818
90-day avg. trading volume (mn)	3.12
90-day avg. turnover (bn VND)	98
Foreign ownership (%)	19.8
Major shareholders (%) Nguyen Trong Thong	31.8

Performance	3M	6M	12M
Absolute (%)	-3.2	3.0	12.1
Relative to VN-Index (%)	-4.4	-1.9	5.7



Source: Bloomberg

Advantages from diversification strategy

Initial Valuation with a HOLD Recommendation, Target Price of 31,500 VND

Ha Do Group JSC (HOSE: HDG) is a leading enterprise primarily operating in real estate and power. The company maintains a stable business model thanks to diversified investment strategy. Specifically, HDG owns a power generation portfolio of 462 MW, and a potential land bank of nearly 120 hectares, sufficient for development over the next five years. Based on the SOTP (Sum of the Parts) valuation method, we issue a HOLD recommendation with a target price of 31,500 VND, representing a 14.4% upside from the market price as of February 14th, 2025. Revenue and profit growth of HDG are expected in the near future thanks to: (1) HDG is among the top reputable developers, owning prime land primarily in major cities such as Ho Chi Minh City and Hanoi, benefiting from the real estate market recovery as the company plans to launch Phase 3 of the Charm Villas project in 2025, (2) having a highly promising renewable energy (RE) investment portfolio, supported by gradually improving development policies.

Gradually improving policies drive HDG's expansion in renewable energy projects

Ha Do has a stable cash flow from electricity production, generating nearly VND 2,000 billion in annual revenue over the past three years. This segment also serves as the primary contributor to the company's profit structure. In the long term, HDG plans to expand its renewable energy capacity by an additional 806 MW, with a particular focus on wind power. Over the past year, several policies have been issued by the government, laying a solid foundation for Ha Do to accelerate its investment plans. A notable example is the Direct Power Purchase Agreement (DPPA) mechanism, which provides opportunities for RE generators to secure customers and negotiate competitive pricing.

HDG is expected to benefit from the real estate market recovery

In 2025F, we expect Phase 3 of the Charm Villas project, consisting of 108 units, to be launched at an estimated price of 150 million VND/m² land (still lower than the area's average of 178 million VND/m²). The project is expected to generate revenue of 1,835 billion VND and net profit after tax (NPAT) of 807 billion VND for the period 2025F-2027F. The project is likely to experience strong absorption thanks to: Prime location, attractive selling price, and limited new supply despite the market's recovery.

In the long term, we anticipate that Resolution 171/2024/QH15 may partially resolve legal obstacles related to land use in HDG's projects, enabling the company to accelerate the development of its next two projects: Greenlane and Hado Minh Long provinces and cities in Vietnam.

Year to Dec.	2022	2023	2024	2025F	2026F
Net revenue (bn VND)	**3,581**	**2,889**	**2,719**	**3,075**	**3,348**
OP (bn VND)	1,615	961	921	1,262	1,530
NP (bn VND)	**1,362**	**866**	**753**	**1,071**	**1,315**
EPS (VND)	3,605	2,175	1,714	2,257	2,491
BPS (VND)	21,681	19,352	18,816	18,862	19,138
OPM (%)	45.1	33.3	33.9	41.0	45.7
NPM (%)	38.0	30.0	27.7	34.8	39.3
ROE (%)	**55.7**	**28.3**	**22.4**	**29.0**	**32.3**
PER (x)	7.0	12.7	15.9	13.2	12.0
PBR (x)	1.4	1.4	1.5	1.6	1.6

Source: Company data, Shinhan Securities Company

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Company overview

1. History of Formation and Development of HDG

Ha Do Group Joint Stock Company (HOSE: HDG) originated as a construction enterprise under the Military Technical Academy of the Ministry of National Defense, established in 1990. The enterprise was later privatized and transformed into Ha Do Joint Stock Company in 2004, and its shares were officially listed on the Ho Chi Minh City Stock Exchange in 2010.

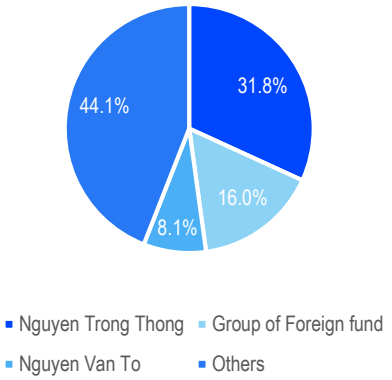
Initially, Ha Do focused on real estate and construction. After the Ministry of National Defense divested its capital in 2016, Ha Do's real estate division made a significant breakthrough by investing in larger-scale projects, notably the 6.8-hectare Hado Centrosa project in District 10, Ho Chi Minh City, which helped boost the company's reputation in the market. By 2019, Ha Do expanded its investment opportunities into the renewable energy sector. Currently, its main business activities are centered on power and real estate development.

Power and real estate as HDG's core business segments, Revenue (billion VND)



Source: Company data, Shinhan Securities Vietnam

Shareholder structure (updated to august 2024)

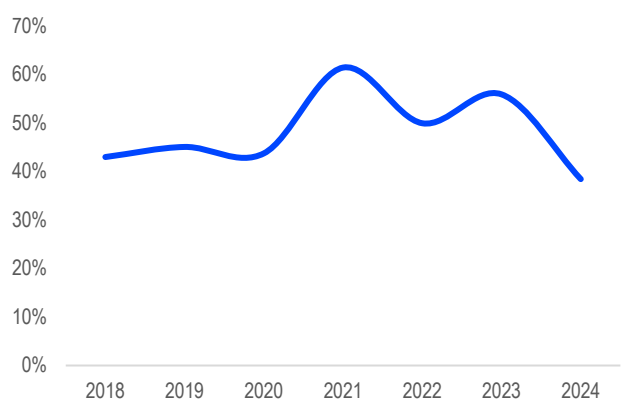


Source: Fiinpro, Shinhan Securities Vietnam

2. Business overview

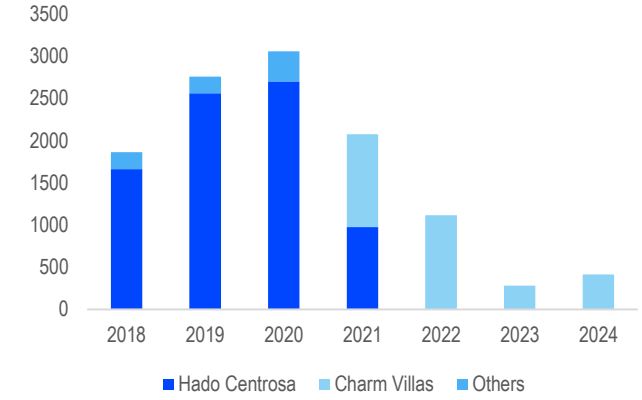
Regarding residential real estate segment, Ha Do primarily focuses on developing mid-range real estate projects of medium and small scale in Ho Chi Minh City and Hanoi. The company has built a strong brand with several notable housing projects, such as Ha Do Centrosa (2016) and Hado Charm Villas (2020). During the 2016-2020 period, the real estate segment consistently accounted for more than 50% of the company's revenue and experienced robust growth, primarily driven by VND 10 trillion in revenue from the Hado Centrosa project. In the 2021-2024 period, despite owning a significant land bank (over 100 hectares), the real estate segment's revenue saw continuous declines due to: (1) delays in project implementation due to legal issues and (2) postponements in project sales amid the overall market difficulties. Nevertheless, a key highlight for HDG during this period was the successful launch of Charm Villas Phase 1 & Phase 2, achieving an absorption rate of over 80% on the first day of sales.

Gross profit margin of the residential real estate segment (2018 - 2024)



Source: Company data, Shinhan Securities Vietnam

Residential real estate revenue has been continuously declining in recent years



Source: Company data, Shinhan Securities Vietnam

We expect HDG to launch Phase 3 of Charm Villas in 2025 as the market gradually recovers. The project is ready for handover upon successful sales since basic infrastructure has already been completed. This is expected to contribute to HDG's revenue during the 2025-2027 period.

In addition, Ha Do currently holds an investment real estate portfolio with a remaining value of VND 733 billion (as per Q4/2024 financial statements), including office and commercial space leases at company-developed properties, as well as hotels. The revenue from leasing and hotel operations is typically stable, ranging between VND 200-400 billion/year. The growth of this segment will depend on the expansion of the company's real estate developments.

Regarding the power segment, Ha Do has operated hydropower plants since 2009. However, it was not until 2019 that the company expanded its investment into renewable energy generation, leveraging many preferential FIT pricing policies. Currently, HDG owns a power generation portfolio with a total capacity of 462 MW, comprising 5 hydropower plants, 2 solar power plants, and 1 wind power plant.

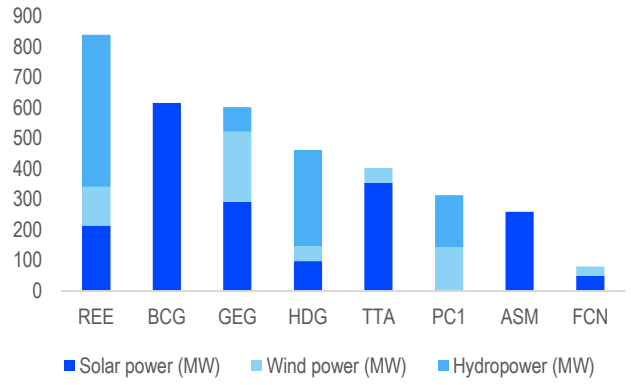
	Plant	COD Year	Capacity (MW)	Total Investment (Billion VND)	Investment per MW (Billion VND/MW)	Designed Output (Million kWh)	Capacity Factor	Ownership Rate	Location
Hydro	Za Hung	2009	30	503	16.8	122.7	47%	52%	Quang Nam
	Nam Pong	2013	30	796	26.5	123.3	47%	52%	Nghe An
	Nhan Hac	2018	59	1,881	31.9	220	43%	52%	Nghe An
	Song Tranh 4	2021	48	1,700	35.4	180	43%	63%	Quang Nam
	Dak Mi 2	2021	147	4,700	32.0	450	35%	98%	Quang Nam
Solar	Hong Phong 4	2019	48	1,100	22.9	98	21%	83%	Binh Thuan
	SP INFRA 1	2020	50	1,055	21.1	92	22%	100%	Ninh Thuan
Wind	Wind Power 7A	2021	50	1,875	38	183	42%	100%	Ninh Thuan

Source: Company data, Shinhan Securities Vietnam

Overall, the power segment has been the focus of the company's investments since 2018. Initially, the power sector experienced strong business growth thanks to the operation of many new plants and benefiting from the La Nina cycle (with gross margins expanding from 2020-2022). After 2022, the company's gross margin decreased, mainly due to the hydrological situation. However, it remained relatively high and appropriate for the industry.

With the long-term vision of the management team, early investment in the power sector has supported the company's business operations as the real estate sector began to decline in 2021, as the power segment is more stable (the real estate segment follows a project development cycle). This is also a strength of the company compared to others in the industry.

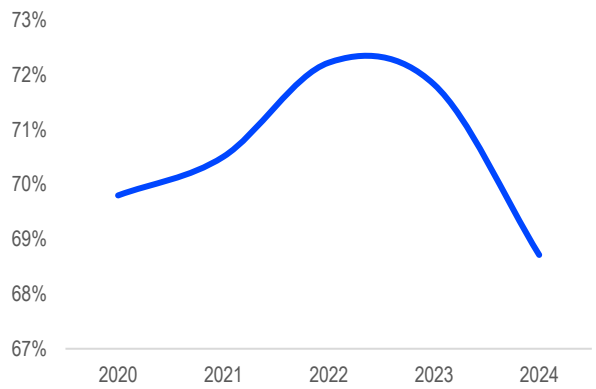
The capacity of some listed companies, updated until September 2024*



Source: Shinhan Securities Vietnam

*The capacity is calculated based on the plant's capacity (not adjusted for ownership percentage) and does not include investments in associates

The gross profit margin of HDG's electricity segment from 2018 to 2024



Source: Company data, Shinhan Securities Vietnam

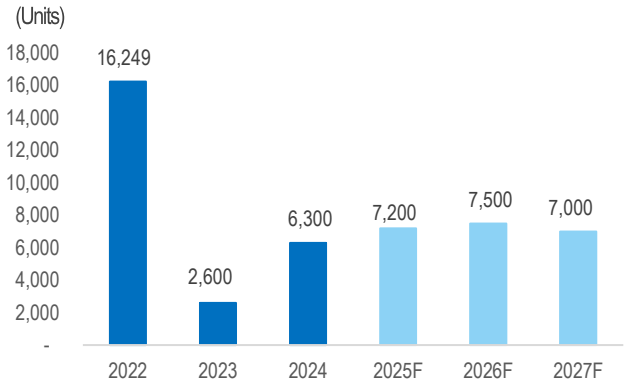
Investment thesis

1. HDG expected to benefit as the real estate market recovers

a. Charm villas phase 3 is expected to launch and contribute revenue starting in 2025

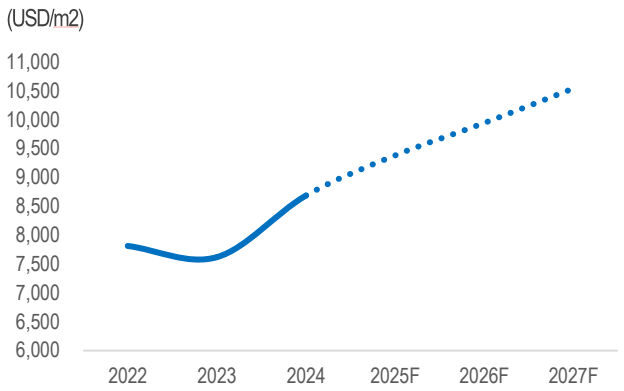
The low-rise housing market in Hanoi is generally entering a recovery phase as (1) new housing supply in 2024 increased by 137% YoY, reaching 6,300 units, and (2) the absorption rate remains high at 97%. During this recovery phase, with limited new supply (averaging only about half of 2022 levels), we believe that companies with projects opening for sale in Hanoi are likely to benefit. Additionally, continuously high selling prices due to supply constraints are expected to support the gross profit margins of developers.

New supply of landed houses in the Hanoi area has strongly recovered



Source: CBRE, Shinhan Securities Vietnam

Landed house prices are expected to remain high due to limited supply



Source: CBRE, Shinhan Securities Vietnam

We expect the Charm Villas project to benefit from the market recovery when Phase 3 is launched in 2025, thanks to (1) its strategic location,(2) attractive selling prices, (3) and limited new market supply recover but remains lower compared to previous periods.

- Charm Villas' prime location: The project is situated along Thang Long Boulevard in western Hanoi (Hoai Duc District). Hoai Duc is one of the districts undergoing significant infrastructure development to meet the criteria for urban district status by 2025. The ongoing infrastructure improvements are expected to drive substantial price growth for projects in the area [(1)]. We believe this will help boost the gross profit margin of Phase 3, as the project was initiated several years ago when land prices were still low.

- Competitive selling price: The estimated selling price for Charm Villas Phase 3 is VND 150 million/m2, lower than the average price of VND 178 million/m2 for comparable projects in the area (Savills Report, 2024)

- Favorable conditions for successful sales and handovers: Given the advantages of location, attractive pricing, and the slow market recovery, we project that HDG will successfully launch and deliver the project between 2025 and 2027. Specifically, we estimate that Charm Villas will contribute handover

revenue to HDG as follows: VND 577 billion in 2025 (35 units), VND 852.5 billion in 2026 (50 units) and VND 404.8 billion in 2027 (23 units)

b. Completion of legal framework expected to resolve HDG's project obstacles

We project that HDG's current land bank will be sufficient for project development over the next 5-7 years. However, many of HDG's real estate projects are currently facing legal issues related to land use rights, particularly due to the lack of residential land within the projects, which disqualifies them from meeting the criteria for new urban area development (NOTM) under the Land Law [(2)].

The resolution of these legal obstacles through policy improvements is expected to unlock project implementation, enabling HDG to accelerate its development plans and boost revenue from its real estate segment.

STT	Project	Product	Location	Land Area (ha)	Ownerhsip	Planned project development schedule (3)					
						2023	2024	2025	2026	From 2027	Lega Status
1	Charm Villas	Semi-detached villas and 528 villas	Ha Noi	30	100%						Infrastructure completed, 420 units sold and handed over since 2021. Phase 3 (108 units) expected to launch in 2025.
2	Noongtha Central Park	241 semi-detaached house and 586 Vilas	Lào	70.4	100%						Sales temporarily suspended awaiting more favorable conditions.
3	Green Lane	1,231 apartments	TPHCM	2.3	99%						Clean land, 1/500 planning approved, currently facing issues with **converting commercial and service land to residential land.**
4	Hado Minh Long	31 townhouses; 1409 apartments/officetel/shop house	TPHCM	2.7	100%						Clean land, 1/2000 planning approved, awaiting 1/500 planning approval, facing issues with converting commercial land to residential land.
5	62 Phan Dinh Giot	Apartments + Office for rent	Ha Noi	2.2	100%						**Issues related to converting commercial and service land to residential land.**
6	30 Ta Quang Buu	Office for rent	Ha Noi	0.1	100%						**Completing legal procedures**
7	Dich Vong Complex	Ofices/Hotel/Apartments; 2 buildings, 47 floors, 250,000 m² under construction	Ha Noi	1	100%						**Design adjustments** underway.
8	CC3	Offices/Apartments	Ha Noi	0.5	100%						**Completing legal procedures**
9	Bao Dai Resort	Resort real estate	Khanh Hoa	8.9	70%						Clean land, completed legal procedures
Total				**118.1**							

(1) The selling prices of many villa and townhouse projects in western Hanoi increased in 2024 compared to 2023, such as: Geleximco Urban Area: Increased by 60% Thien Duong Bao Son: Increased by 20%

(2) (2) According to the 2013 Land Law and the amended 2024 Land Law, land eligible for new urban area development (NOTM) must meet one of the following criteria: 100% residential land, or a combination of residential land and other types of land.

We expect Resolution 171/2024/QH15(4) to partially address the issues related to residential land within HDG's projects. Specifically, the resolution allows other types of land to be used for new urban area development (NOTM) projects. As a result, if HDG's projects are selected for pilot implementation under this policy, several projects currently lacking residential land—such as Green Lane, Hado Minh Long, and 62 Phan Dinh Giot—could overcome land-related obstacles, resume development, and launch sales in the future.

2. Power segment

a. Stable cash flow from power generation

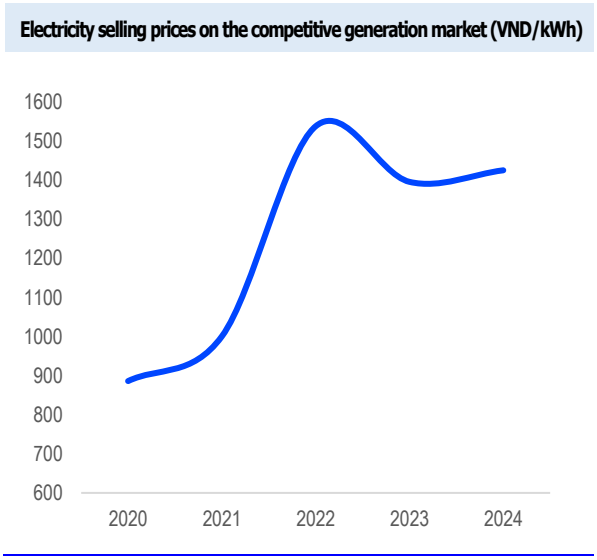
HDG's power plants benefit from stable cash flow thanks to output commitments from EVN through contracted power output agreements, along with attractive selling prices for each type of power plant. Specifically:

_ **Hydropower:** The hydropower plants (Za Hung, Nam Pong, and Nhan Hac) apply the avoided cost tariff, with an average selling price of 1,213 VND/kWh, higher than most other hydropower plants, which average 800-1,200 VND/kWh. Regarding output, the actual capacity utilization rate of these three plants in 2022-2023 was approximately 47%, within the industry average.

The other two hydropower plants (Song Tranh 4 and Dak Mi 2) sell a portion of their electricity on the competitive electricity market, with an average selling price of around 1,100 VND/kWh, comparable to the industry average. In the long term, the selling price on the competitive electricity market is expected to increase gradually due to: (1) Rising electricity demand, (2) new LNG-based power plants pushing the overall electricity price benchmark higher, (3) coal production costs remaining persistently high.

Table: Avoided cost tariff 2024

Price component	Dry season			Rainy season		Surplus electricity price	
	Peak Hours	Normal Hours	Off-Peak Hours	Peak Hours	Normal Hours	Off-Peak Hours	
Electricity Price (VND/kWh)							
Electricity Price (VND/kWh)	726	726	725	703	704	702	351
Electricity Price (VND/kWh)	729	729	729	707	708	709	353
Capacity Price (All Regions)	749	749	748	727	727	726	363
Electricity Price (VND/kWh)	1,932						



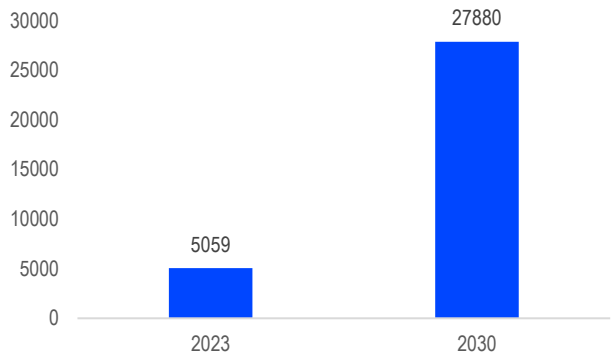
Source: MOIT, Shinhan Securities Vietnam

(3) Our estimates from the construction phase to handover.

(4) Resolution 171/2024/QH15 was issued in October 2024 and will take effect on April 1, 2025. This is a special pilot resolution allowing the use of other types of land for new urban area development (NOTM) projects. The pilot program will be implemented over a period of 5 years across urban areas nationwide.

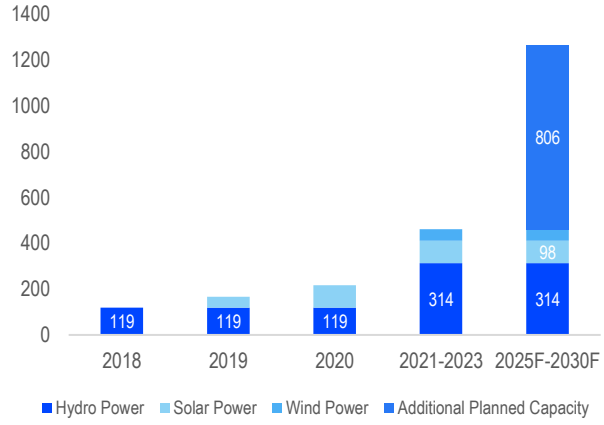
_ Solar and Wind Power: Ha Do's solar and wind power plants have committed output and benefit from Feed-in Tariff (FIT) pricing. The FIT price for solar power is 9.35 US cents/kWh, while for wind power, it is 8.5 US cents/kWh. The advantage of the FIT price lies in its high rate and its linkage to the USD, with an equivalent conversion of approximately 2,100 – 2,200 VND/kWh in 2022-2023. This rate is even higher than EVN's average retail electricity price during the same period, which ranged from 1,864 to 2,006.7 VND/kWh.

Installed wind power capacity (MW)



Source: PDP VIII Implementation Plan, Shinhan Securities Vietnam

Planned installed capacity of Ha Do by 2030 (MW)



Source: Company data, Shinhan Securities Vietnam

Table: List of potential projects of HDG

	Project	Capacity (MW)	Expected Year of Operation	Progress
1	7A Wind Power Expansion	21	N/A	In PDP VIII Implementation Plan
2	Binh Gia Wind Power	80	N/A	In PDP VIII Implementation Plan. Lang Son Province issued an MOU in 04/2024.
3	Phuoc Huu Wind Power	50	N/A	Ninh Thuan Province issued investment registration certification in 04/2024.
4	Son Linh Son Nham Hydropower	25	Q4/2026	Construction already started
6	Loc Binh 1 Wind Power	50	2026-2030	In PDP VIII Implementation Plan
7	Other Projects	580	2026-2030	N/A

Source: Company data, Shinhan Securities Vietnam

The Direct Power Purchase Agreement (DPPA) mechanism creates opportunities for renewable energy (RE) generators to find customers and negotiate suitable pricing.

On July 3, 2024, the government officially issued regulations on the direct power purchase mechanism between RE generators and large electricity consumers. The mechanism includes two main forms: through the national

grid or through private connection lines. RE generators will be paid through the spot market and via forward contracts signed with large electricity consumers. Prices on the spot market are generally higher than the transitional FIT prices, improving the business performance of existing RE generators and attracting more new investors.

For customers, large electricity consumers can still negotiate suitable prices with RE generators through forward contracts. Overall, the DPPA mechanism will increase market competition, reducing dependency on EVN's power purchase commitments and fluctuating pricing policies. However, further detailed guidelines are needed to enable the mechanism's widespread implementation.

Additionally, on December 4, 2024, EVN submitted the proposed electricity generation price framework for onshore and offshore wind power plants in 2025 to the Ministry of Industry and Trade and the Electricity Regulatory Authority for review. This price framework, calculated based on Circular 19/2023/TT-BCT, sets the price for offshore wind power at 1,890 VND/kWh (4% higher than the transitional price framework) and onshore wind power at 1,610.56 VND/kWh (1% higher than the transitional price framework).

	Date	Summary	Impacts
Circular 19/2023/TT-BCT	11/2023	Regulations on the methodology for establishing the electricity price framework applicable to solar and wind power based on standard power plants.	A crucial foundation for establishing the electricity price framework for renewable power plants, aiming for efficiency in investment and operations.
Decision 2699/QĐ-BCT	11/10/2024	EVN increases retail electricity prices to 2,103.11 VND/kWh (+4.8% compared to the current level).	Improving EVN's business performance, thereby facilitating investment in additional power sources, transmission infrastructure, and supporting the issuance of an appropriate renewable energy purchase price framework.
Amended Electricity Law	11/30/2024	Key points: Two-component electricity pricing mechanism. Clear regulations on electricity import and export, legal framework for offshore wind power, mechanism for LNG power generation.	Moving towards a transparent and competitive electricity market: Enhancing EVN's financial health, providing a clearer direction for renewable energy developers, enabling gas-fired power plants to secure gas off-take agreements with minimum volume contracts.
Circular 07/2024/TT-BCT	12/4/2024	Regulations on the methodology for determining electricity generation prices and power purchase agreements.	Guidelines for determining official electricity selling prices for both traditional power sources and renewable energy

Update Q4/2024 and Forecast 2025F- 2026F

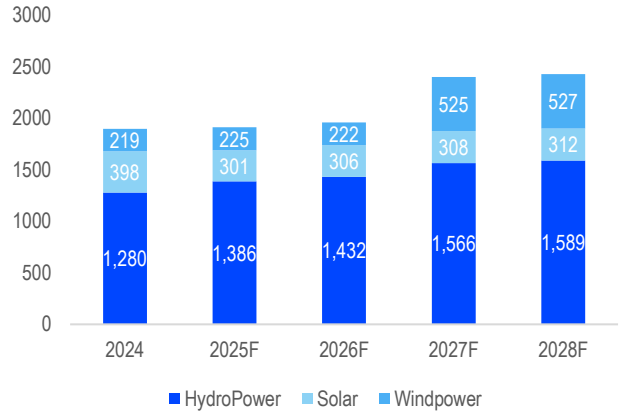
Criteria	Q4/2024	% YOY	2024	%YOY	Note
Revenue	**812**	-6%	**6,048**	-4%	
Real Estate	15	-85%	414	47%	Recognized from the handover of Charm Villas from the previous phase; Phase 3 with 108 units expected to be sold in 2025.
Power	685	6%	1,891	-2%	Hydropower conditions improved in Q4, but overall, hydropower output declined by -5.5% for the year.
Rent, Hotels & Construction	112	-10%	472	-29%	Mainly due to a decline in the construction segment.
Gross profit	**552**	-7%	**1,589**	-8%	
Selling & G&A Expenses	-228	347%	-358	54%	Increased corporate management expenses due to provisions for EVN receivables from the HP4 project.
Net Financial Expenses	-45	-68%	-310	-41%	Actively repaying long-term debt led to a significant reduction in financial costs.
PBT (Profit Before Tax)	**233**	-42%	880	-9%	
Net Profit (NPAT)	**208**	-44%	753	-13%	Although debt declined significantly, the strong impact of business expenses led to lower profits.
Net Profit - Parent Company	**153**	-47%	576	-13%	

Projected revenue and profit of HDG (2025F-2026F)

(Unit: VND billion)	2022	2023	2024	2025F	2026F
Revenue	**3,580**	**2,887**	**2,719**	**3,075**	**3,348**
Real Estate	1,111	282	414	578	853
Power	2,116	1,939	1,891	1,912	1,960
Rent, Hotels & Construction	354	666	472	585	535
Others	0	0	-57	0	0
Gross Profit	2,212	1,721	1,589	1,886	2,089
Profit from Business Activities	1,615	961	921	1,262	1,530
PBT (Profit Before Tax)	**1,604**	**963**	**1,078**	**1,323**	**1,545**
Real Estate	447	89	125	280	412
Power	1,456	1,274	1,244	1,326	1,402
Rent, Hotels & Construction	189	163	225	254	256
Exclusion Adjustments	-488	-563	-516	-537	-526
Consolidated Net Profit (NPAT)	**1,362**	**866**	**753**	**1,071**	**1,315**
Net Profit - Parent Company	**1,096**	**665**	**576**	**835**	**1,014**

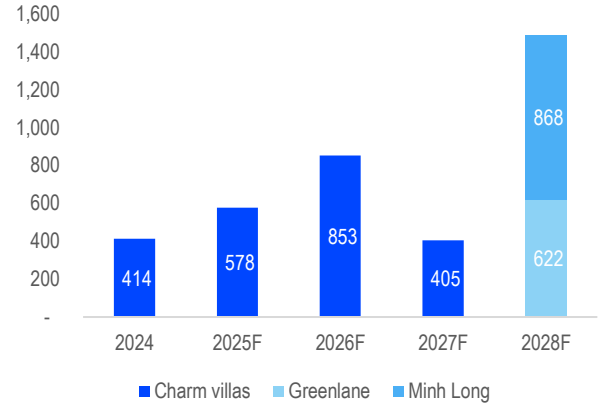
Profit Margin (%)					
Gross Profit Margin	61.8	59.6	58.4	61.3	62.4
Profit Margin from Business Activities	45.1	33.3	33.9	41.0	45.7
Consolidated Net Profit Margin	38.0	30.0	27.7	34.8	39.3
Growth (%YoY)					
Net Revenue Growth	-5.2	-19.3	-5.9	13.1	8.9
Profit from Business Activities Growth	-2.2	-40.5	-4.2	37.0	21.2
Net Profit - Parent Company Growth	-0.1	-39.3	-13.3	44.9	21.4

Projected revenue of power segment 2025F - 2028F (billion VND)



Source: Company data, Shinhan Securities Vietnam

Projected revenue of real estate segment by project 2025F-2028F (billion vnd)



Source: Company data, Shinhan Securities Vietnam

Recommendation and Valuation

Initiate coverage with HOLD and Target Price of VND 31,500

We initiate coverage on Ha Do Group JSC (HDG) with a BUY recommendation and a target price of 31,500 VND, representing a 14.4% upside from market price of Feb 14th,2025. From a long-term perspective, HDG is an investment worth considering for the following reasons:

1) HDG is among the top reputable real estate developers in Vietnam, with multiple projects expected to launch soon, supported by an improving legal framework.
2) HDG generates stable cash flow from power generation activities.
3) The company's wind power development plan aligns with the government's long-term energy strategy, benefiting from gradually improving policies and incentives.4) Development strategy and M&A have many prospects, promising a bright future.

Valuation method

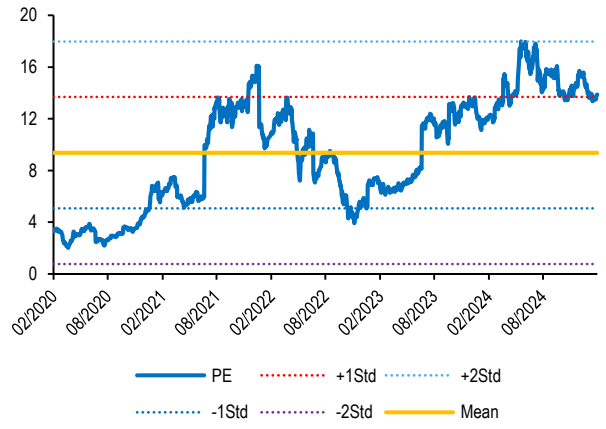
We apply the Sum-of-the-Parts (SOTP) valuation approach for HDG: For the residential real estate, rental real estate, and power segments, we use the Discounted Cash Flow (DCF) method for projects that are either operational or have clear development plans. For projects without a clear roadmap, we apply the Book Value (BV).

Weighted average cost of capital (WACC)	
WACC (%)	**11.1**
Risk-free rate (%)	3.1
Equity risk premium (%)	8.4
Beta	1.25
Cost of debt (%)	7.50
Cost of equity (%)	13.6
Debt-to-equity ratio	0.5
Total debt (VND billion)	4,884

HDG SOTP Valuation Model		
Projects	**Projects value (billion VND)**	**Method**
Power	**14,038**	
Hydropower	**10,741**	
Za Hung	1,245	DCF
Nam Pong	919	DCF
Nhan Hac	2,127	DCF

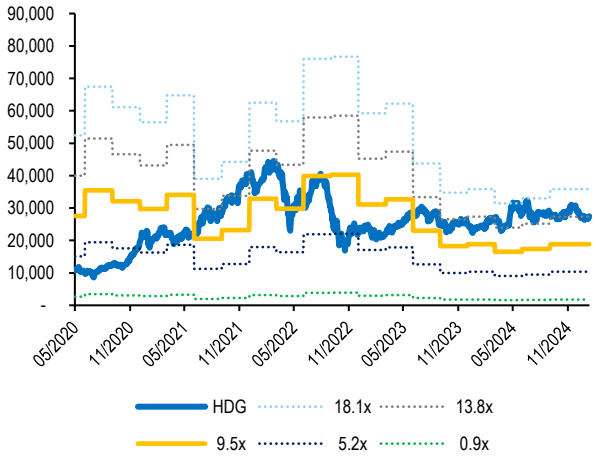
Song Tranh 4	1,597	DCF
Dak Mi 2	4,434	DCF
Son Nham, Son Linh	419	NPV
Solar Power	**1,932**	
Ninh Phuoc Solar (SP Infra 1)	1,254	DCF
Hong Phong 4 Solar	678	DCF
Wind Power	**1,365**	
7A	1,214	DCF
Phuoc Huu (onshore)	151	NPV
Real Estate	**1,835**	
Charm Villas	564	DCF
Greenlane	428	DCF
Minh Long	791	DCF
Others	52	BV
Investment Real Estate	**1,595**	
Current Portfolio	1,320	DCF
Bao Dai Resort	205	BV
Others	69	BV
(+) Cash & Short-term Investments (billion VND)	1,089	
(-) Debt (billion VND)	4,884	
(-) Minority Interest (billion VND)	2,519	
Equity Value (billion VND)	11,154	
Outstanding Shares (billion)	0.336	
Discount for power project price reduction and multi-sector risks	-5%	
Target Price	**31,505**	

PER of HDG



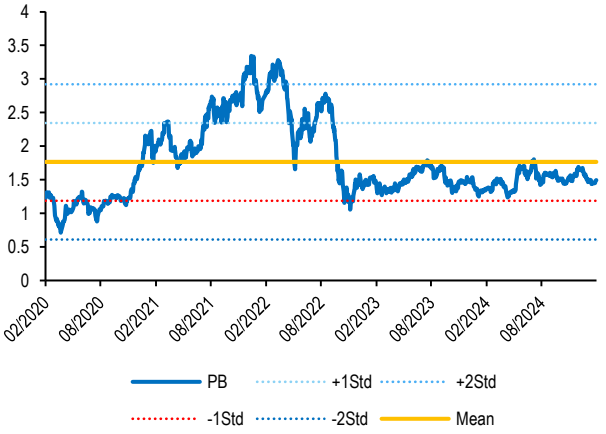
Source: Bloomberg, company data, Shinhan Securities Vietnam

HDG's PER band



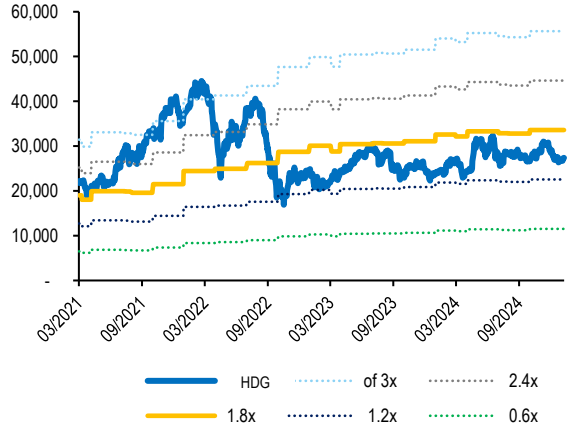
Source: Bloomberg, company data, Shinhan Securities Vietnam

PBR of HDG



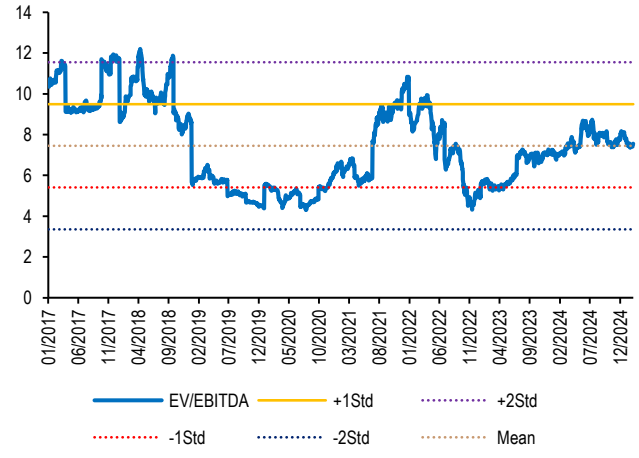
Source: Bloomberg, company data, Shinhan Securities Vietnam

PBR band of HDG



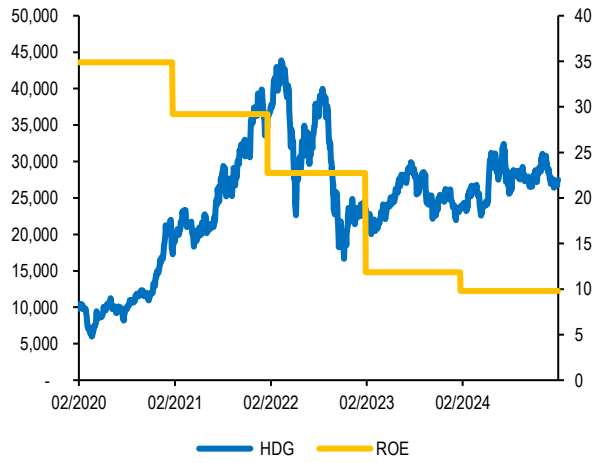
Source: Bloomberg, company data, Shinhan Securities Vietnam

EV/EBITDA of HDG



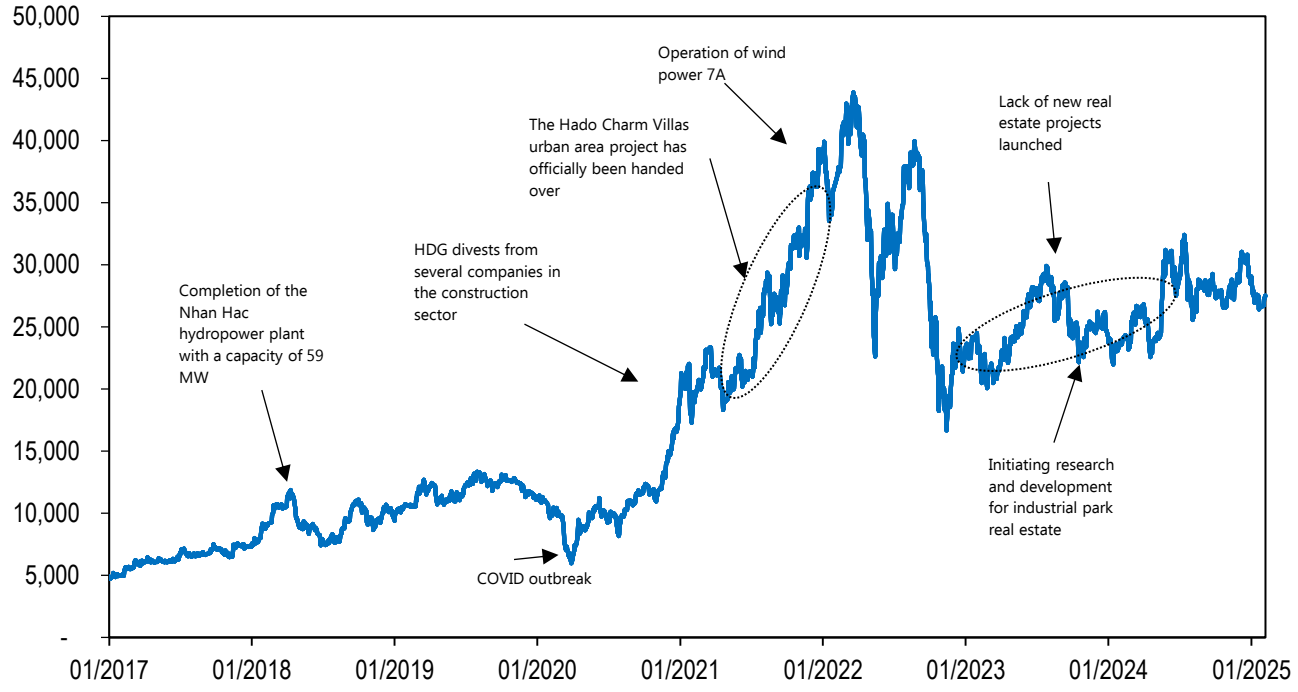
Source: Bloomberg, company data, Shinhan Securities Vietnam

Price and forcasted ROE of HDG



Source: Bloomberg, company data, Shinhan Securities Vietnam

Key events chart of HDG



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of pice reduction and reclaiming the difference from the two solar power plants, Hong Phong 4 and SP Infra 1

Two of Ha Do's solar power plants were mentioned in the government's inspection report in 2023. Specifically, the Hong Phong 4 solar power plant was built on national mineral reserve land without approval from the Prime Minister, and the SP Infra 1 plant is not eligible for the FIT price of 9.35 US cents/kWh in Ninh Thuan Province.

As for the approach to handling, Ha Do believes that the electricity selling price for the Hong Phong 4 plant will likely drop to the transition price (1,185 VND/kWh), a decrease of about 48% compared to the current FIT price, and the difference from the electricity already sold will be reclaimed. EVN will not pay for the electricity generated. For SP Infra 1, we believe the risk of a price reduction from the FIT of 9.35 US cents/kWh to 7.09 US cents/kWh (-24%) is quite high. Official announcements are still awaited from the regulatory authorities.

General risks in the power sector: Delays in policy implementation

Although many policies have been issued, the electricity sector still requires many guiding circulars to be applied practically. Delays and the lack of these guidelines will result in delays in the operation of new power sources.

Risk of weather

Ha Do’s power generation portfolio mainly consists of hydropower, so electricity generation largely depends on weather patterns. During La Nina years, higher water levels lead to higher hydropower generation, and vice versa.

General risks in real estate sector: Delays in policy implementation

Policies always experience delays as they require waiting for guiding documents to be passed. Additionally, businesses and local authorities also need time to understand and apply the law. As a result, projects may face delays in resolving legal issues.

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Total assets	**15,105**	**14,438**	**13,936**	**14,980**	**16,600**
Current assets	3,856	3,354	3,352	4,536	5,682
Cash & equivalents	694	246	337	882	1,256
Short-term financial asset	1	393	752	747	783
Accounts receivable	1,711	1,595	1,353	1,614	1,790
Inventories	1,382	1,074	863	1,293	1,853
Others	68	47	46	51	56
Non-current assets	11,249	11,084	10,584	10,444	10,918
Net fixed assets	9,100	8,833	8,356	8,308	8,050
Long-term incomplete assets	818	831	850	765	1,552
Others	1,331	1,421	1,378	1,370	1,317
Total liabilities	**8,557**	**7,210**	**6,252**	**6,410**	**6,918**
Current liabilities	3,287	2,329	1,916	2,234	2,281
Accounts payable	2,269	1,646	1,230	1,571	1,612
Short-term borrowings	959	625	631	601	601
Others	59	58	55	62	68
Non-current liabilities	5,270	4,881	4,336	4,177	4,638
Long-term borrowings	5,160	4,801	4,253	4,093	4,554
Others	110	80	83	83	83
Total equity	**6,548**	**7,229**	**7,683**	**8,570**	**9,681**
Capital stock	2,446	3,058	3,363	3,700	4,070
Capital surplus	375	375	375	375	375
Other capital	142	90	78	78	78
Retained earnings	2,341	2,394	2,512	2,826	3,266
Non-controlling interest equity	1,245	1,312	1,355	1,592	1,893
* Total debt	6,119	5,426	4,884	4,694	5,155
* Net debt (cash)	5,423	4,788	3,795	3,065	3,116

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Net revenue	**3,581**	**2,889**	**2,719**	**3,075**	**3,348**
Growth (%)	*-5.2*	*-19.3*	*-5.9*	*13.1*	*8.9*
COGS	(1,369)	(1,166)	(1,130)	(1,189)	(1,259)
Gross profit	**2,212**	**1,723**	**1,589**	**1,886**	**2,089**
GPM (%)	*61.8*	*59.6*	*58.4*	*61.3*	*62.4*
SG&A	(164)	(233)	(358)	(286)	(173)
Operating profit	**2,049**	**1,490**	**1,231**	**1,600**	**1,916**
Growth (%)	*(2.2)*	*(40.5)*	*(4.2)*	*37.0*	*21.2*
OPM (%)	*57.2*	*51.6*	*45.3*	*52.0*	*57.2*
Non-operating profit	(444)	(527)	(351)	(356)	(404)
Financial income (FI)	83	40	57	92	110
Financial expense (FE)	(517)	(569)	(367)	(430)	(496)
In which: interest expenses	(501)	(487)	(348)	(430)	(496)
Net other non-operating profit	(10)	2	(41)	(18)	(18)
Pre-tax profit	**1,604**	**963**	**880**	**1,226**	**1,494**
Income tax	(243)	(97)	(127)	(154)	(179)
Net profit	**1,362**	**866**	**753**	**1,071**	**1,315**
Growth (%)	*1.4*	*(36.4)*	*(13.1)*	*42.3*	*22.7*
NPM (%)	*38.0*	*30.0*	*27.7*	*34.8*	*39.3*
Controlling interest	1,096	665	576	835	1,014
Non-controlling interest	266	201	177	237	301
EBIT	**2,105**	**1,450**	**1,228**	**1,656**	**1,990**
Growth (%)	*3.7*	*(31.1)*	*(15.3)*	*34.9*	*20.2*
EBIT Margin (%)	*58.8*	*50.2*	*45.1*	*53.8*	*59.4*
EBITDA	**2,573**	**1,926**	**1,706**	**2,212**	**2,558**
Growth (%)	*14.6*	*(25.2)*	*(11.4)*	*29.7*	*15.6*
EBITDA margin (%)	*71.9*	*66.7*	*62.7*	*71.9*	*76.4*

Statement of cash flow

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Cash flow from operations	**1,942**	**794**	**907**	**1,188**	**1,079**
Net profit	1,362	866	753	1,071	1,315
D&A expenses	468	476	478	556	568
(Gain)/loss from investing	(57)	41	(57)	(92)	(110)
Change in working capital	(682)	(485)	19	(348)	(694)
Others	851	(104)	(287)	-	-
Cash flow from investments	**(80)**	**(326)**	**(34)**	**(269)**	**(962)**
Change in fixed assets	(58)	(198)	55	(358)	(140)
Change in investment assets	679	(332)	(379)	5	(36)
Others	(701)	203	290	85	(786)
Cash flow from financing	**(1,309)**	**(859)**	**(770)**	**(375)**	**257**
Change in equity	200	-	-	-	-
Net borrowings	(1,242)	(726)	(487)	(190)	461
Dividends	(267)	(134)	(283)	(185)	(203)
Change in total cash	**554**	**(392)**	**104**	**545**	**374**
Beginning cash	230	694	246	337	882
Change in FX rates	-	-	-	-	-
Ending cash	694	246	337	882	1,256

Source: Company data, Shinhan Securities Company

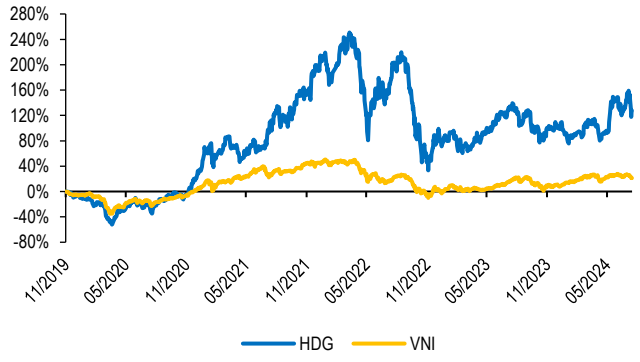
Key ratios

Year to Dec.	2022	2023	2024	2025F	2026F
EPS (VND)	3,605	2,175	1,714	2,257	2,491
BPS (VND)	21,681	19,352	18,816	18,862	19,138
DPS (VND)	0	500	500	500	500
PER (x)	7.0	12.7	15.9	14.0	12.6
PBR (x)	1.4	1.4	1.5	1.7	1.6
EV/EBITDA (x)	6.8	9.8	10.7	7.6	6.4
Dividend payout ratio (%)	0.0	0.0	29.2	22.2	20.1
Dividend yield (%)	0.00	2.02	1.82	1.59	1.59
Profitability					
EBITDA margin (%)	71.9	66.7	62.7	71.9	76.4
OPM (%)	57.2	51.6	45.3	52.0	57.2
NPM (%)	38.0	30.0	27.7	34.8	39.3
ROA (%)	9.0	6.0	5.4	7.2	7.9
ROE (%)	20.80	12.0	9.8	12.5	13.6
Stability					
Debt to equity ratio (x)	93.4	75.1	63.6	54.8	53.2
Net debt ratio (x)	210.8	248.6	222.4	138.6	121.8
Cash ratio	21.2	27.4	56.8	72.9	89.4
Interest coverage ratio (x)	4.2	3.0	3.5	3.9	4.0
Activity (%)					
Payable turnover (days)	15.0	22.5	46.8	59.1	54.5
Inventory turnover (days)	1.0	0.9	1.2	1.1	0.8
Receivable turnover (days)	2.1	1.7	1.8	2.1	2.0

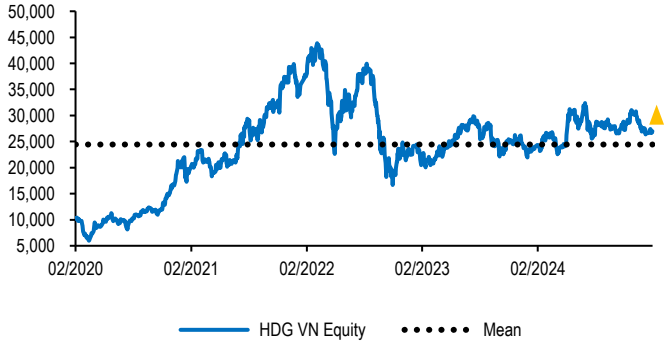
Source: Company data, Shinhan Securities Company

Ha Do Group JSC (HDG VN)

Stock price



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/ Min
Feb 17th, 2025 (Initial report)	HOLD	31,500	12.4	-2.9/28.4

Note: Calculation of target price gap based on past 12 months

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Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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