Oct 02nd , 2025

Shinhan Securities



Thanh Cong Textile Garment Investment Trading JSC

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

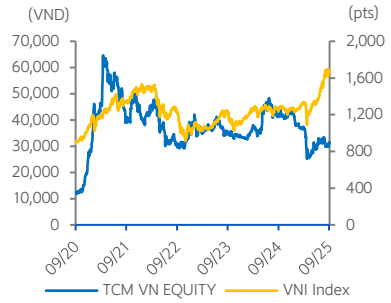
[Vietnam / Textile]

BUY

Initiation Coverage

Target price (12 months)	**VND 37,800**
Current price (01/10/2025)	VND 29,650
Return (%)	**27%**

VNINDEX			1,666
HNXINDEX			275
Market Cap (bn VND)			3,322
Outstanding shares (mn)			112
Free-Floating (mn)			48
52-Wk High/Low (VND)			45,045/24,545
90-day avg. trading volume (mn)			2.23
90-day avg. turnover (bn VND)			69
Major shareholders (%)	E-Land Asia Holdings		47.0
	Nguyễn Văn Nghĩa		10.0
Performance	3M	6M	12M
Absolute (%)	-10.2	-11.9	-32.1
Relative to VN-Index (%)	-30.5	-38.3	-61.4



Nguồn: Bloomberg

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Leverage internal resources

Initial Valuation with a BUY Recommendation, Target Price of 37,800 VND

Thanh Cong Textile Garment Investment Trading Joint Stock Company (HOSE: TCM) is one of the leading textile and garment enterprises in Vietnam with closed production cycle from yarn-weaving/knitting-dyeing-sewing-distribution. TCM is currently in the top 3 listed textile and garment enterprises with the largest capitalization on HOSE. We assess TCM's medium and long-term business prospects as positive based on the following factors: (1) The closed production cycle brings outstanding competitive advantages; (2) Revenue growth in the fabric segment is driven by rising domestic demand and the capacity expansion potential of the SY Vina factory; (3) Diversification of export markets and (4) TC Tower project can contribute positively to TCM's profit if it is eligible for sale in the future. Based on the DCF method, we initially valued TCM shares at VND 37,800, corresponding to an upside of 27%.

The closed production cycle brings outstanding competitive advantages.

In the context of increasingly strict global trade policies on rules of origin, owning a closed production cycle brings great competitive advantage to TCM: (1) High localization rate; (2) High speed supply; (3) Gross profit margin is about 1-5 points higher than other businesses in the same industry and (4) Directly benefit from incentives of the two free trade agreements CPTPP and EVFTA.

Revenue growth in the fabric segment is driven by rising domestic demand and the capacity expansion potential of the SY Vina factory.

TCM's fabric revenue is expected to maintain growth momentum at CAGR = 11% (2026-2030F) thanks to direct benefits from:

- The trend of increasing the localization rate of Vietnamese enterprises: With the goal of meeting international standards on rules of origin; boosting exports to EU and CPTPP markets; limiting the risks of being taxed on intermediate goods when exporting to the US market and given the expansion of domestic import-export regulations; we believe that Vietnamese companies will continue to increase domestic fabric imports in the coming time. As one of the few Vietnamese enterprises that can produce standard fabrics, we expect TCM to take advantage of this opportunity, expand its market share in the domestic market and increase fabric sales.
- Capacity increase from SY Vina factory: As of April 2025, SY Vina textile factory has operated at about 70% of its design capacity and is expected to continue to expand in the period 2025-2026. Capacity increase from SY Vina will create conditions for TCM to increase in output when demand improves and contribute positively to TCM's fabric revenue in the coming time.

The strategy of diversifying export markets is maintained and expanded.

TCM's export market structure comes from many regions around the world, including North America (USA, Canada), Asia (Japan, Korea, Vietnam) and Europe (Germany, UK). This is not only in line with the long-term orientation of the Vietnamese textile industry but also helps increase resilience to single market shocks while exploiting opportunities from potential new markets.

TC Tower project can contribute positively to TCM's profit if it is eligible for sale in the future

TC Tower is a mid-high-end apartment real estate project combined with commercial services, which was delayed for 10 years due to legal issues but was restarted in November 2024. TC Tower has a total expected investment capital of VND 1,732 billion (over USD70 million). In case of favorable market conditions and on-schedule implementation, TC Tower is expected to bring in VND 2,800 billion in revenue and VND 1,100 billion in profit for TCM. As of the end of Q2/2025, TC Tower is in the process of applying for investment policy approval. Therefore, we have not included it in the valuation model at present. Based on the actual implementation progress of the project, we will update the valuation model in the next update reports.

Risk: (1) Risk of declining demand; (2) Risk of additional EU sustainable fashion legislation becoming more stringent and (3) Risk of weaker business outlook from major customer Eland.

Year to Dec.	**2022**	**2023**	**2024**	**2025F**	**2026F**
Net revenue (bn VND)	**4,337**	**3,325**	**3,810**	**3,993**	**4,477**
OP (bn VND)	370	216	313	352	445
NP (bn VND)	**281**	**134**	**278**	**306**	**388**
EPS (VND)	2,898	1,211	2,708	2,713	3,447
BPS (VND)	24,002	21,576	22,177	23,988	25,639
OPM (%)	8.5	6.5	8.2	8.8	10.0
NPM (%)	6.5	4.0	7.3	7.7	8.7
ROE (%)	**14.2**	**6.7**	**12.2**	**11.3**	**12.2**
PER (x)	12.7	30.4	13.6	13.6	10.7
PBR (x)	1.5	1.7	1.7	1.5	1.4
EV/EBITDA(X)	7.5	11.9	7.5	6.9	5.9

Source: Company data, Shinhan Securities Company

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Company overview

1. History of Development of TCM

Thanh Cong Textile – Investment – Trading Joint Stock Company (HOSE: TCM) was established in 1976 and listed on HOSE in 2006. After nearly 50 years of establishment and development, TCM has become one of the leading textile and garment enterprises in Vietnam. As of September 22, 2025, TCM's capitalization reached VND 3,394 billion, ranking in the top 3 listed textile and garment enterprises with the largest capitalization on HOSE.

2. Business activities

TCM currently operates in the fields of garment, real estate and healthcare. In which, garment is the main business field, accounting for about 98% of the company's revenue. Real estate with the Thanh Cong Tower complex housing project (TC Tower) has not yet generated revenue due to legal problems but be restarted in November 2024, bringing the prospect of contributing to revenue in the future. The healthcare segment accounts for an insignificant proportion of TCM's revenue structure.

List of some subsidiaries and affiliates of TCM

Company	Sector	TCM's capital contribution ratio
TC Tower Co., Ltd.	Real Estate	85.34%
Thanh Cong Medical Center JSC (Thanh Cong Clinic)	Healthcare	70.02%
TC Commerce Co., Ltd.	Retail, Technology	100%

Source: Company report, Shinhan Securities Vietnam

In the garment sector, TCM has a great advantage as one of the few domestic textile and garment enterprises that owns a closed production model, from "fiber to garment", included: fiber, weaving, knitting, dyeing, sewing and distribution. The company currently owns 2 fiber factories; 4 knitting factories; 2 weaving factories; 1 weaving and dyeing factory; 1 dyeing factory; 5 sewing factories and 2 sewing factories located in Ho Chi Minh City, Dong Nai and Long An. The production capacity of these factories is up to 10,000 tons of fiber, nearly 30 million meters of dyed fabric, 8,000 tons of knitting fabric, nearly 70 million towels and 23 million garment products per year.

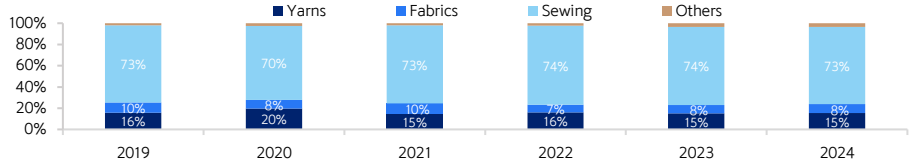
Scale and capacity of TCM factories

Sector	Location	Status	Capacity
Yarn	Yarn Factory 1 – Q4 HCMC	In operation	N/A
	Long An	In operation	10,000 tons/year
	Headquarters	Researching investment, switching to Weaving.	
Knitting	4 factories in Hoc Mon, Nhi Xuan	In operation	7,000 tons/year
Weaving	2 factories in HCM	In operation	7 million meters/year
	SY Vina Factory	In operation	8 million meters/year
Dyeing	1 factory in HCMC	In operation	10 million meters of fabric & 8,000 tons of knitting fabric/year
	SY Vina Factory	In operation	19.5 million meters of fabric/year
Sewing	5 factories in HCMC	In operation	23 million products/year
	1 factory in Vinh Long	In operation	N/A
	SY Vina Factory	In operation	69.6 million towels/year

Source: Company report, Shinhan Securities Vietnam

Regarding garment's revenue structure, sewing is TCM's core business, accounting for about 73% of revenue, with main products being sportswear, jackets, t-shirts, children's clothing, etc. (medium difficulty with simple design, easy to process). Fabric segment accounts for about 15% of revenue, mainly exported to the Japanese market and distributed domestically. Yarn segment contributes about 8% of revenue, focusing on the Chinese and Korean markets.

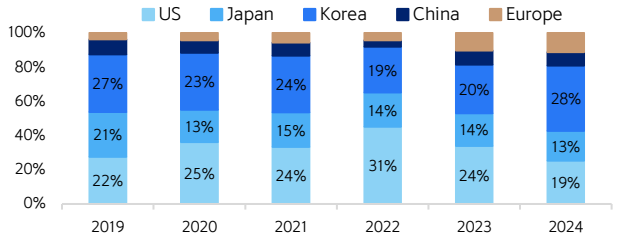
TCM's revenue structure by business segment (%)



Source: Company report, Shinhan Securities Vietnam

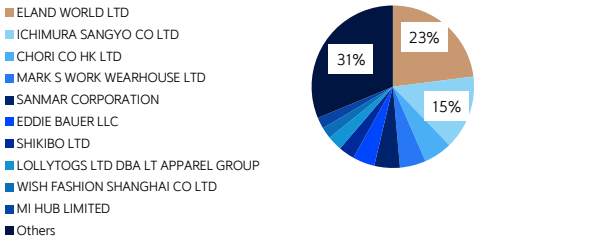
Regarding the market's revenue structure, exports account for about 89.3% of the company's revenue in 2024; domestic sales account for 10.7% of revenue. Asia is TCM's main market, accounting for about 47.1% of export revenue, of which Korea and Japan are two key consumption markets. TCM's largest customer in the Korean market is E-Land Group, contributing about 23% to TCM's total export revenue. The US and Europe (UK) are also important export markets for TCM, with the main customer being the leading fashion brand Adidas.

TCM's export revenue structure by market (%)



Source: Company report, Shinhan Securities Vietnam

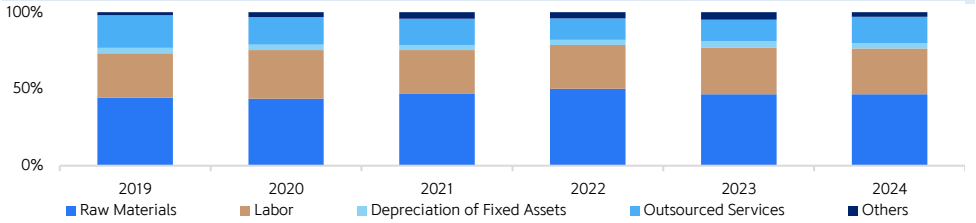
Estimated export customer structure of TCM in 2024 (%)



Source: TCM, General Department of Vietnam Customs, Shinhan Securities Vietnam estimates

Raw material and labor costs account for more than 70% of TCM's total production costs.

TCM cost structure (%)

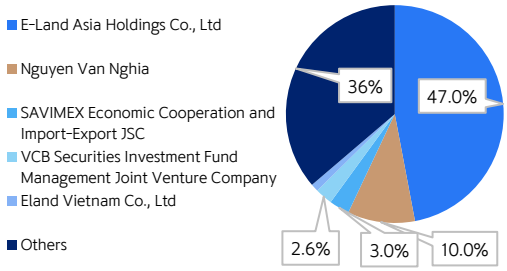


Source: Company report, Shinhan Securities Vietnam

3. Organizational structure

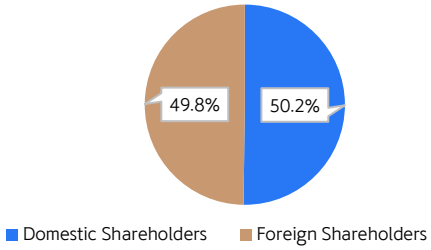
E-land Group - the largest shareholder and one of TCM's core customers. Through two subsidiaries, E-Land Aia Holdings Singapore Co., Ltd. (47.0%) and E-Land Vietnam Co., Ltd. (1.2%), the group holds nearly 50% of TCM's shares.

Ownership ratio as of June 9, 2025



Source: Company report, Shinhan Securities Vietnam

Shareholder structure

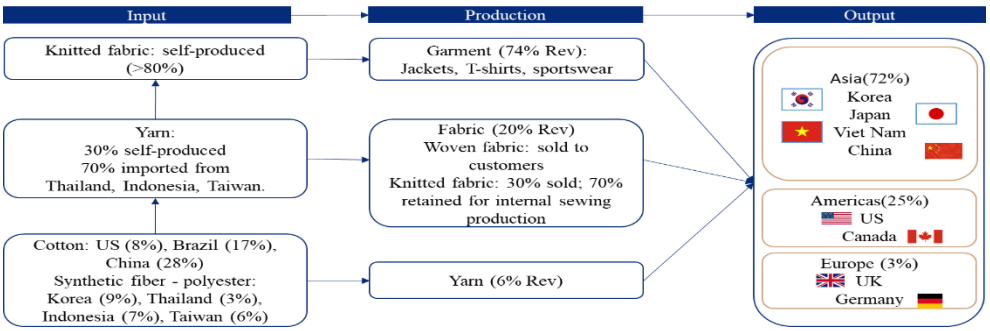


Source: Company report, Shinhan Securities Vietnam

Investment thesis

1. The closed production cycle brings outstanding competitive advantages.

TCM value chain



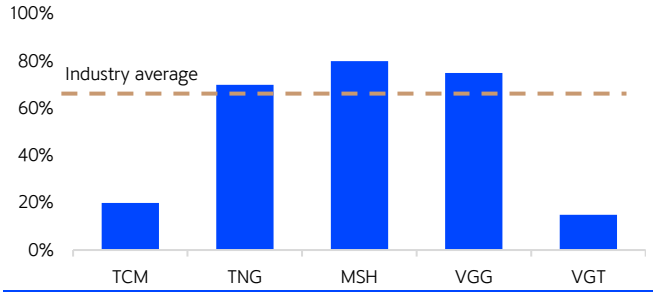
Source: TCM, General Department of Customs, Shinhan Securities Vietnam compiled and estimated

In the context of increasingly strict global trade policies on rules of origin, owning a closed production cycle brings a great competitive advantage to TCM:

(i) High localization rate

TCM is one of the few domestic enterprises that achieves a high localization rate when owning a closed production process from yarn-weaving/knitting-dyeing-sewing-distribution. The ability to be self-sufficient in more than 30% of yarn and 80% of fabric for internal production is a prominent advantage of TCM compared to the majority of domestic textile enterprises - which depend largely on imported raw materials from China, Korea, etc.

Estimated rate of fabric import from foreign countries of some textile and garment enterprises in Vietnam (%)



Source: Company reports, Shinhan Securities Vietnam estimates

Value chain of Vietnam's textile and garment industry



Source: Synthesized by Shinhan Securities Vietnam

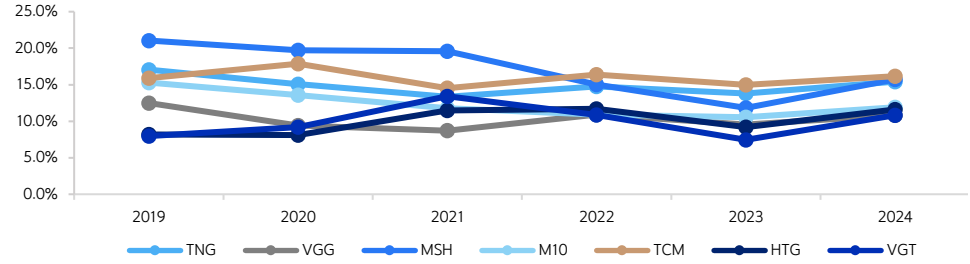
(ii) High speed supply

In the context of the global textile and garment industry shifting from a "low-cost" model to a "fast-flexible-on-time" model, the ability to deliver products at high speed is a key factor in helping businesses maintain their competitive advantage.

TCM has the ability to deliver products quickly thanks to a closed production process, proactively controlling the progress of each stage, thereby shortening the lead-time and being able to meet orders requiring fast delivery speed from major brands.

(iii) Gross profit margin is about 1-5 points higher than other businesses in the same industry

Gross profit margin of some listed textile and garment enterprises



Source: Company reports, Shinhan Securities Vietnam

The closed production cycle helps TCM have a higher gross profit margin than businesses that rely heavily on imported raw materials from abroad thanks to:

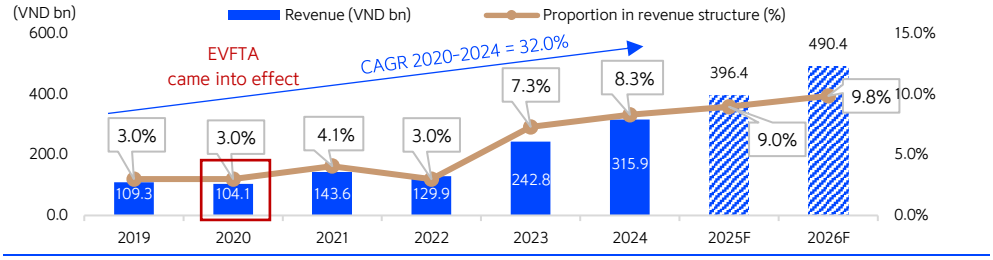
- **Saving on logistics costs:** Self-producing yarn-weaving-dyeing-sewing-packaging in the same internal system helps TCM save on international transportation costs for imported raw materials, which usually accounts for about 3-5% of the cost of goods sold of businesses that depend on imported fabrics.
- **Optimizing input costs:** Proactively supplying yarn and fabric helps TCM limit its dependence on market prices (which already include supplier profit costs, raw material costs and exchange rate fluctuations). This significantly saves on input costs.
- **Negotiating better selling prices** when receiving orders with high requirements on fabric quality, dyeing techniques and delivery time.

(iv) Directly benefit from incentives of the two free trade agreements CPTPP and EVFTA.

With a closed production chain, TCM meets the requirements of origin from yarn/fabric onwards of the CPTPP and EVFTA agreements, thereby enjoying low tax incentives in the EU market and tax exemption in the CPTPP market.

In the EU market, since the EVFTA Agreement took effect, TCM's revenue in this market has grown at a CAGR = 32.0% (2020-2024) and the proportion increased from 3.0% in 2020 to 8.3% in 2024. This is proof that TCM has effectively taken advantage of tax reduction incentives to boost exports to the EU and achieve growth in revenue and profit.

Revenue and export proportion to EU market of TCM in the period 2019-2026F



Source: Company report, Shinhan Securities Vietnam

We expect TCM to continue to expand its market share in the EU from 2025 onwards thanks to:

- **0% tax incentives for some key products from 2025:** According to the EVFTA tax reduction roadmap, from 2025 onwards, many key export products of TCM such as T-shirts, jackets made from synthetic fibers, cotton shirts, etc. will enjoy a 0% tax rate, approaching the EBA preferential tax rate (0%) of Bangladesh and significantly lower than the 12% tax rate that China is currently subject to.

Roadmap for eliminating average tariffs under EVFTA for some textile groups that TCM mainly exports

HS	Description	GSP Tax*	Time							
			2020	2021	2022	2023	2024	2025	2026	2027
6109	T-shirts, singlets and other undershirts, knitted or crocheted	9.6%	10%	8%	6%	4%	2%	0%	0%	0%
6201	Men's or boys' overcoats, cloaks		10.5%	9%	7.5%	6%	4.5%	3%	1.5%	0%
	Except 6201.93: Other - Of man-made fibres		10%	8%	6%	4%	2%	0%	0%	0%
6202	Women's or girls' overcoats, cloaks		10.5%	9%	7.5%	6%	4.5%	3%	1.5%	0%
	Except 02.12.90/ 6202.13.90: Of cotton/man-made fibres weighing more than 1 kg per garment		10%	8%	6%	4%	2%	0%	0%	0%
6205	Men's or boys' shirts		10.5%	9%	7.5%	6%	4.5%	3%	1.5%	0%
	Except 6205.20: Of cotton		10%	8%	6%	4%	2%	0%	0%	0%
6210	Garments made from fabrics of headings 5602, 5603, 5903, 5906 or 5907*		10%	8%	6%	4%	2%	0%	0%	0%
6307	Other finished articles, including cut-to-measure samples	5-9.6%	0%	0%	0%	0%	0%	0%	0%	0%

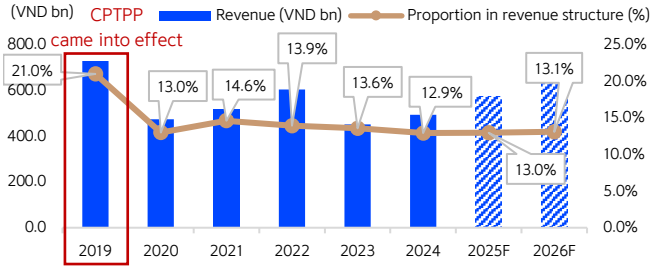
*GSP tax: Tax rate that businesses must pay when they do not meet EVFTA standards

Source: WTO Center, Ministry of Industry and Trade, Department of Europe - Americas Market, Shinhan Securities Vietnam

- **EU demand for apparel** is expected to improve thanks to the recovery of consumer income.
- **EU brands are diversifying their sourcing** to reduce imports from China due to rising labor costs.

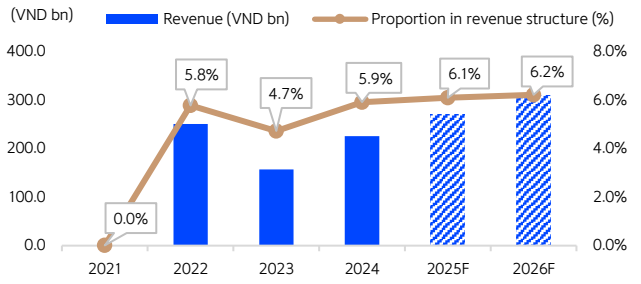
In the CPTPP market - Comprehensive and Progressive Agreement for Trans-Pacific Partnership, TCM has effectively taken advantage of the 0% export tax incentive, recording an increase in revenue in the Japanese and Canadian markets.

TCM's revenue and export proportion to the Japanese market in the period 2019-2026F



Source: Company report, Shinhan Securities Vietnam

TCM's revenue and export proportion to the Canadian market in the period 2019-2026F



Source: Company report, Shinhan Securities Vietnam

We expect TCM to continue to maintain its market share in Japan at around 13% and increase its market share in Canada to 6% in the 2025-2026 period thanks to:

- **The advantage of 0% export tax rate** while other competitors such as China, Bangladesh, and India still have to pay high tax rates of 16-18% in the Canadian market.
- **Sustainable cooperative relationships** with major customers in Japan and Canada.
- **Japan is a market with stable demand**, high sustainability, and few changes in suppliers.
- **Canada is a potential market** with high affordability and large growth demand.

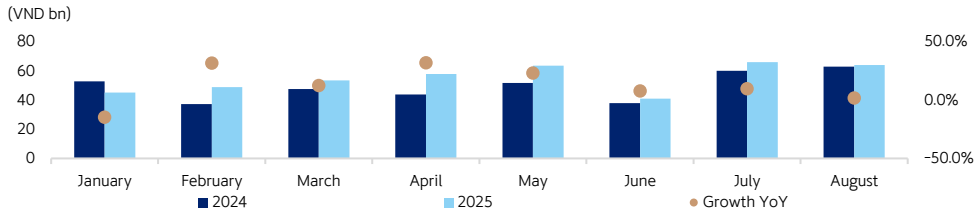
2. Revenue growth in the fabric segment is driven by rising domestic demand and the capacity expansion potential of the SY Vina factory.

(i) Domestic demand is driven by the trend of increasing localization rate and the expansion of domestic import-export regulations.

The trend of increasing the localization rate, meeting the standards of the rules of origin

In Vietnam's key export markets such as the US, EU, Japan, etc., trade policies are increasingly tightened, with rules of origin becoming a key factor in the textile and garment value chain. The USMCA trade agreement (US-Mexico-Canada - effective from 2020) stipulates that textile and garment exports to the US must achieve a domestic value-added ratio of 35-45% to enjoy tax incentives. The EVFTA and CPTPP trade agreements apply strict requirements, requiring products from countries exporting to the EU and CPTPP to have an origin from yarn/fabric onwards to be eligible for a 0% tax rate.

TCM's fabric revenue



Source: Company report, Shinhan Securities Vietnam

In the first 8 months of 2025, TCM's fabric revenue was recorded at about VND 440 billion, up 12% YoY. Notably, the contribution of fabric revenue to TCM's revenue structure was recorded at 20% in August 2025, higher than the average of the last 5 years (16%). This shows that the trend of increasing the localization rate of garment enterprises in Vietnam has positively impacted domestic fabric demand and helped TCM's fabric sales increase.

With the goal of meeting international standards on principles of origin; boosting exports to EU and CPTPP markets and limiting the risks of being taxed on intermediate goods when exporting to the US market, we believe that Vietnamese enterprises will continue to increase domestic fabric imports in the coming time. As one of the few Vietnamese enterprises that can produce standard fabrics, we expect TCM to take advantage of this opportunity, expand its market share in the domestic market and increase fabric sales.

Law 90/2025/QH15*, which regulates new on-the-spot import and export regulations, officially applies from July 1, 2025, creating favorable conditions for the import of domestic fabrics.

Previously, the on-the-spot import tax policy was not really favorable for the import of domestic raw materials for export production. Decree 18/2021/ND-CP only prioritizes tax exemption for on-the-spot imported goods serving export processing.

However, from July 1, 2025, Law 90/2025/QH15 has expanded the preferential VAT rate of 0% for on-the-spot import of raw materials for export production and eliminated the form of double taxation, with the goal of promoting domestic enterprises to increase the use of domestic raw materials for export production.

We believe that with a favorable legal mechanism, the demand for domestic fabric imports will be boosted and contribute to improving TCM's fabric revenue.

Criteria	Decree 18/2021/Decree-Government	The new regulations on on-side import and export in Law 90/2025/QH15, effective from July 1, 2025
Subjects applicable to 0% VAT	Enterprises importing raw materials on-site for export processing (CMT)	Enterprises importing raw materials on-site for export processing (CMT) Enterprises importing raw materials on-site for export production (FOB, ODM,...)
Tax refund policy/ Double taxation	Export manufacturing enterprises when importing on-site must: - Pay import tax immediately upon opening the customs declaration, then export to be refunded. - Domestic enterprises exporting products on the spot to export manufacturing enterprises must pay export tax on exported products. At the same time, enterprises importing products on the spot must also pay import tax on products imported on the spot. => Both enterprises must pay tax on the same commodity	Eliminate double taxation Apply 0% VAT right at the customs stage, no need to pay and wait for a refund

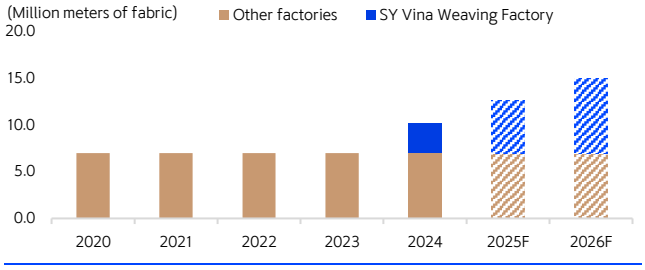
Source: Shinhan Securities Vietnam

(ii) Capacity expansion from SY Vina factory

SY Vina factory belongs to SY Vina Textile Company Limited, a deal that TCM completed M&A procedures for VND 468 billion in Q2/2024. SY Vina Textile currently owns a weaving factory with a capacity of over 8 million meters of fabric/year; a dyeing factory with a capacity of over 19.5 million meters of fabric/year and a sewing factory with a capacity of 69.6 million towels/year.

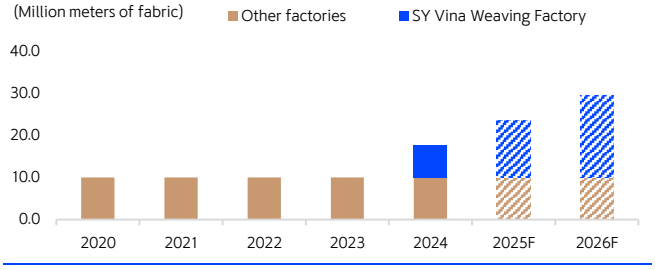
Before 2024, TCM's weaving capacity will reach about 7 million meters/year, dyeing capacity will reach 10 million meters/year and 8 thousand tons of knitted fabric/year. After this deal, TCM's total weaving and dyeing capacity will increase to 15 million meters of woven fabric and 29.5 million meters of dyed fabric along with 8,000 tons of knitted fabric/year. This significantly increases the advantage of production scale, expands the capacity to meet large orders and reduces TCM's dependence on imported fabrics.

TCM's weaving capacity (including SY Vina factory)



Source: Company report, Shinhan Securities Vietnam

TCM's fabric dyeing capacity (including SY Vina factory)

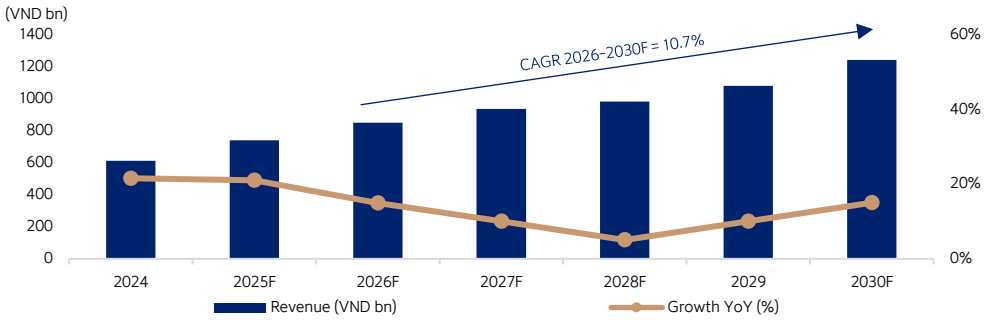


Source: Company report, Shinhan Securities Vietnam

As of April 2025, SY Vina textile factory has operated at about 70% of its design capacity and will be expected to continue to increase its capacity in the 2025-2026 period. Therefore, SY Vina's capacity increase is still available and is fully capable of meeting the increasing number of fabric orders, contributing positively to TCM's fabric revenue in the coming time.

** Law 90/2025/QH15 amending and supplementing a number of articles of the Law on Bidding; Law on Investment under the Public-Private Partnership method; Law on Customs; Law on Value Added Tax; Law on Export Tax and Import Tax; Law on Investment; Law on Public Investment; Law on Management and Use of Public Assets; passed by the National Assembly at the 9th Session.*

TCM's fabric revenue 2020-2026F (VND bn)



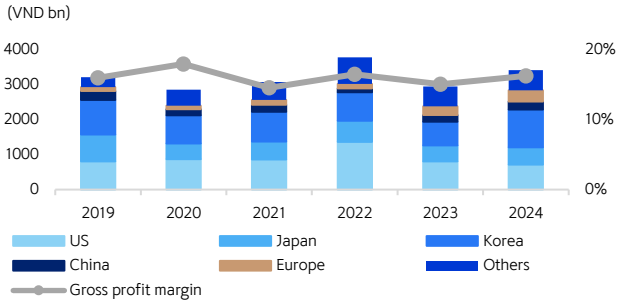
Source: Company report, Shinhan Securities Vietnam

We expect TCM's fabric revenue to grow 21% YoY in 2025 and maintain growth momentum at CAGR = 10.7% (2026-2030F) thanks to: (1) Increasing domestic fabric demand; (2) Room to increase SY Vina factory capacity; (3) International standard fabric production capacity and high brand recognition in the domestic market.

3. Diversifying export markets is a core strategy to maintain stable profit margins and bring potential for revenue growth in the medium and long term.

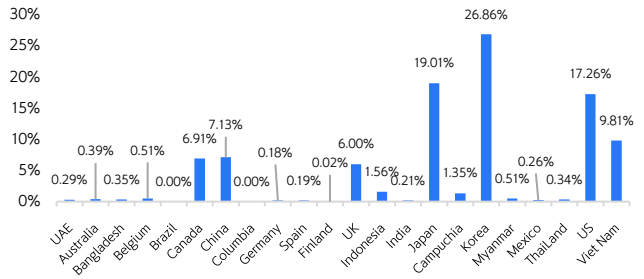
TCM's export market structure comes from many regions around the world, including North America (USA, Canada), Asia (Japan, Korea, Vietnam) and Europe (Germany, UK).

TCM's revenue and gross profit margin in the period 2019-2024



Source: Company report, Shinhan Securities Vietnam

TCM's export market structure 1H2025 (%)



Source: Company report, Shinhan Securities Vietnam

A customer network spread across many countries has helped TCM maintain stable profits over the years thanks to:

- **Minimizing the risk of dependence on a single market and flexibly allocating orders between markets.** As a result, even when an individual market experiences economic fluctuations or changes in trade policies, TCM's business results are less affected and have a higher level of stability. Typically, in the face of recent fluctuations in US reciprocal tariffs, TCM's revenue was less impacted than that of businesses with a high proportion of exports to the US, because this market only accounts for a moderate proportion (about 20%) in the overall revenue structure.
- **Fully exploiting the potential for high demand growth from emerging markets** helps TCM increase market share in niche markets and open up room for revenue growth.
- **High brand recognition** helps attract new customers and increase the ability to negotiate with customers, raw material suppliers and logistics units.

Therefore, the strategy of diversifying markets instead of focusing on a single key market in the past has helped TCM maintain a stable number of orders, ensuring that profit margins are maintained at around 16-20%, higher than the industry average (13%).

At the same time, we believe that diversifying export markets continues to be the core strategy that TCM focuses on maintaining and expanding to achieve revenue growth in the medium and long term thanks to: (1) Being consistent with the long-term orientation of the Vietnamese Textile and Garment industry, (2) Increasing resilience to shocks of reduced demand in individual markets and (3) Exploiting opportunities from potential new markets.

4. TC Tower project can contribute positively to TCM's profit if it is eligible for sale in the future.

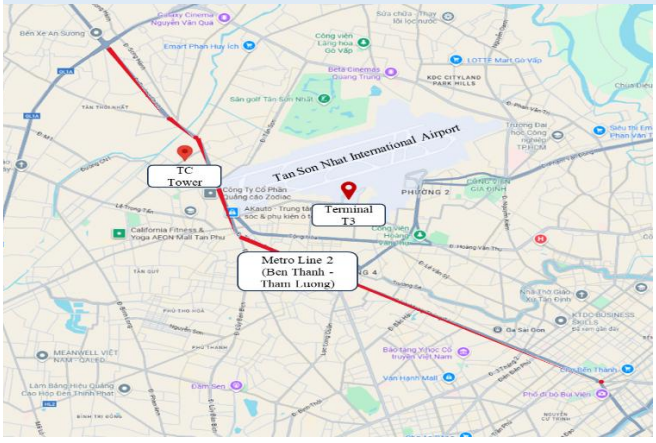
Thanh Cong Tower (TC Tower) is a mid-high-end apartment real estate project combined with commercial services, implemented by TC Tower Company Limited, a 100% owned subsidiary of TCM. TC Tower is located on a land area of 9,898 m^2 with a total construction floor area of over 39,224m^2, located at 37 Tay Thanh Street, Tan Phu Ward, Tan Phu District, Ho Chi Minh City (address after merger from July 1, 2025). The project includes 598 mid-high-end apartments and 12 penthouses.

The TC Tower project was delayed for more than 10 years due to legal problems but was restarted at the extraordinary shareholders' meeting in November 2024.



Source: Company report, Shinhan Securities Vietnam

Strategic location thanks to its proximity to Metro Line 2 (Ben Thanh – Tham Luong) and Terminal T3 of Tan Son Nhat International Airport



Source: Shinhan Securities Vietnam

According to TCM, the total expected investment capital of the project is 1,732 billion VND (more than 70 million USD), equivalent to 42% of TCM's total asset value as of June 30, 2025. The minimum capital contribution to implement the project is 20% of the total investment capital. The total actual investment capital must not exceed 50% of TCM's total assets as of the end of Q2/2025. To implement the project, TC Tower has signed a strategic cooperation agreement with DBFS JSC - a member company of Dat Xanh Group and has set a specific roadmap until 2028. In case of favorable market conditions and on-schedule implementation, TC Tower is expected to bring in 2,800 billion VND in revenue and 1,100 billion VND in profit for TCM.

As of the end of Q2/2025, TC Tower is in the process of applying for investment policy approval. Therefore, we have not included it in the pricing model at the present time. Based on the actual progress of the project, we will update the pricing model in the next update reports.

Update on Q2/2025 & 1H2025 business results

Items	Q2/2024	Q2/2025	6M/2024	6M/2025	Notes
Net revenue (VND bn)	**847**	**873**	**1,781**	**1,884**	The driving force for Q2/2025 revenue to increase slightly compared to the same period comes from improved domestic fabric demand and TCM's efforts to expand its market share in Canada. In summary, in 1H2025, TCM completed 42% of the year's revenue plan. Revenue from the fabric and garment segments contributed significantly to the growth momentum of the entire company.
Growth (%YoY)		3		6	
Garment segment (VND bn)	626	655	1,317	1,413	
Fabric segment (VND bn)	118	148	249	323	
Fiber segment (VND bn)	68	52	142	114	
Healthcare segment (VND bn)	35	18	73	34	
Gross profit (VND bn)	**153**	**160**	**310**	**324**	Q2/2025 gross profit recorded a slight increase of 5% YoY thanks to improved fabric revenue and stable raw material costs. Accumulated in 6M2025, TCM's gross profit recorded a slight increase of 5% YoY, in which fabric and sewing were the main drivers of the growth.
Growth (%YoY)		5		5	
Gross profit margin (%)	**18**	**18**	**17**	**17**	
Garment segment (%)			17	17	
Fabric segment (%)			17	17	
Fiber segment (%)			17	25	
Healthcare segment (%)			30	29	
Profit before tax (VND bn)	**91**	**102**	**170**	**201**	TCM's NPAT – Mi Q2/2025 grew 14% YoY thanks to a significant reduction in selling and administrative costs. NPAT – Mi 1H2025 grew 19% YoY, marking TCM's highest semi-annual profit ever. This positive result came from growing fabric sales, optimized production costs and expanding market share in Canada.
Growth (%YoY)		12		18	
NPAT – Mi (VND bn)	**71**	**81**	**134**	**160**	
Growth (%YoY)		14		19	

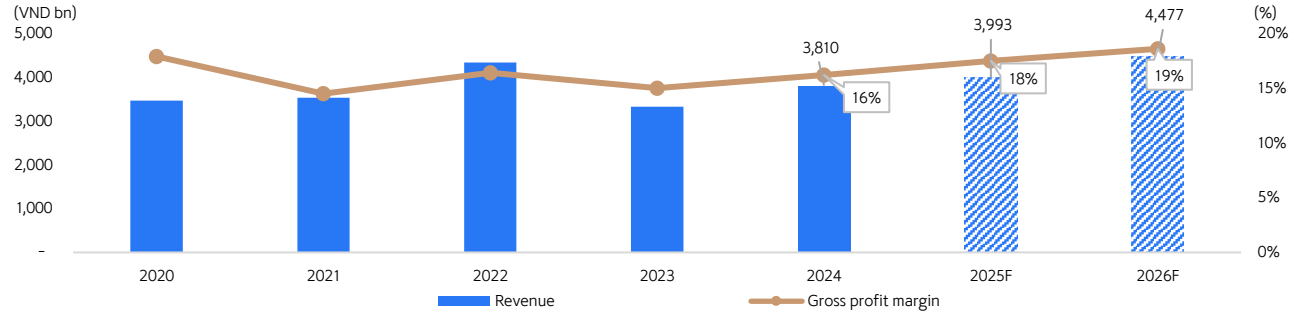
Business results forecast 2026-2030F

We forecast TCM's net revenue to grow at a CAGR of 9.5% in the period 2026-2030F thanks to:

- **Garment segment:** Garment segment revenue is expected to grow at a CAGR of 7.7% (2026-2030F) mainly due to: (1) Stable orders from major customer E-Land Korea; (2) Increased exports to niche market Canada.
- **Fabric segment:** Fabric segment revenue is estimated to maintain growth momentum at a CAGR = 10.7% (2026-2030F) reinforced by: (1) Increasing domestic fabric demand; (2) Room to increase SY Vina factory capacity; (3) Fabric production capacity meeting international standards and high brand recognition in the domestic market.
- **Yarn segment:** We expect Yarn revenue to increase slightly over the next 5 years at a CAGR of 2.4% due to the expected slowdown in global yarn demand and stiff price competition from Chinese yarn exports.
- **Real estate segment:** In case of favorable market conditions and on-schedule implementation, TC Tower is expected to generate VND2,800 billion in revenue and VND 1,100 billion in profit for TCM from 2028 onwards.

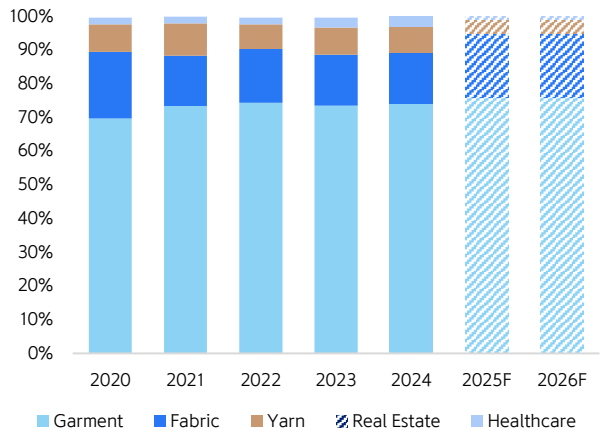
At the same time, given the expected stable price of raw materials, effective production cost management strategy and revenue growth momentum from the garment and fabric segments, we estimate that TCM's gross profit margin will fluctuate around 19-20% over the next 5 years.

Forecast revenue and gross profit margin over the years



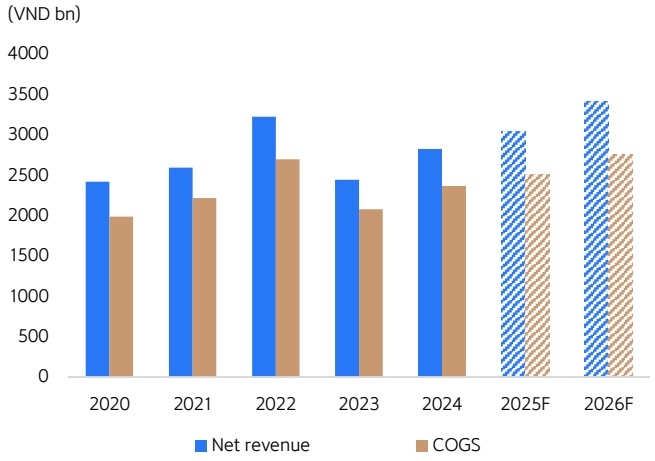
Source: Company report, Shinhan Securities Vietnam

TCM's revenue structure forecast (%)



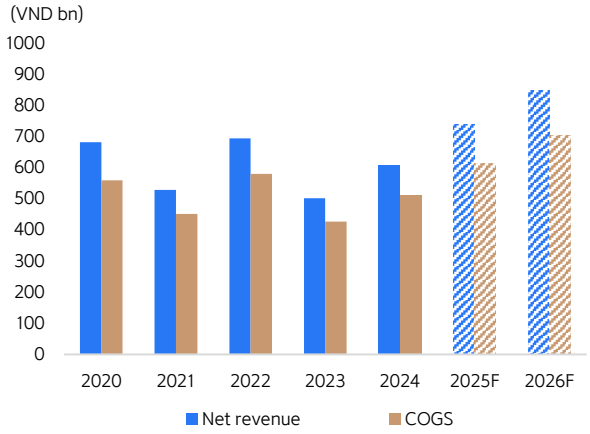
Source: Company report, Shinhan Securities Vietnam

Net revenue & COGS of Garment segment (VND bn)



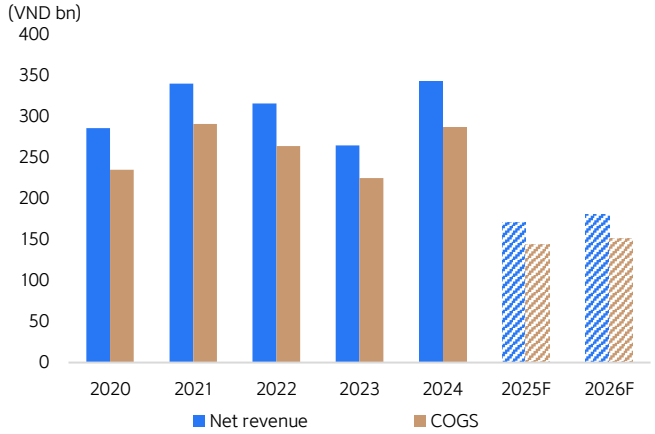
Source: Company report, Shinhan Securities Vietnam

Net Revenue & COGS of Fabric



Source: Company report, Shinhan Securities Vietnam

Net Revenue & COGS of Yarn



Source: Company report, Shinhan Securities Vietnam

Recommendation and Valuation

Initiate coverage with BUY and Target Price of VND 37,800

We initiate our valuation of Thanh Cong Textile Garment Investment Trading JSC (TCM) with a BUY recommendation and a target price of VND 37,800, representing a 27% upside. For a long-term investment horizon, TCM can be considered with the following advantages:

1. The closed production cycle brings outstanding competitive advantages.
2. Revenue growth in the fabric segment is driven by rising domestic demand and the capacity expansion potential of the SY Vina factory.
3. Diversifying export markets is a core strategy to maintain stable profit margins and bring potential for revenue growth in the medium and long term.
4. TC Tower project can contribute positively to TCM's profit if it is eligible for sale in the future.

Valuation method

We apply the Discounted Cash Flow (FCFF) valuation method to value TCM.

Method	Proportion	Price (VND)
FCFF	100%	37,802
Target Price		37,802
Target Price (rounded)		**37,800**
Current Price		29,550
Return (%)		**27%**

Discounted Cash Flow method (DCF) – FCFF

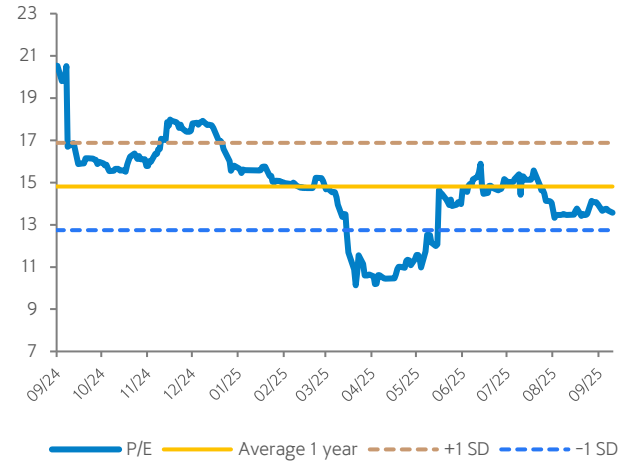
Variable	Value
D/E	0.3
Beta	0.8
Risk - free rate	3.6%
Cost of equity	11%
Cost of debt	9%
WACC	10%

TCM's FCFF valuation model

Unit: billion VND	2026F	2027F	2028F	2029F	2030F
Net profit	388.2	404.1	471.2	524.1	563.6
+ Interest after tax	33.5	41.4	49.5	51.5	56.8
+ Depreciation	139.2	145.3	156.6	169.1	180.5
- Change in working capital	-518.5	-378.5	-22.9	100.8	79.2
- - Investment capital	198.4	284.1	263.4	316.4	287.9
Free Cash Flow (FCF)	**881.0**	**685.2**	**436.8**	**327.5**	**433.8**
PV of FCF	2,338.7				
Growth rate	1%				
Present value of free cash flow	2,056.2				
Enterprise value	**4,602.2**				
- In debt	1,040.2				
+ Cash and cash equivalents	677.1				
Value of equity	**4,239.1**				
Number of outstanding shares (million units)	0.112				
Target price (VND/share)	**37,802**				

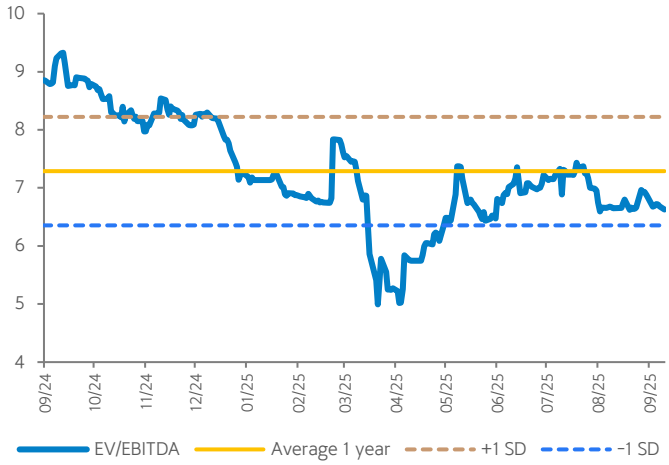
Source: Company data, Shinhan Securities Vietnam

P/E



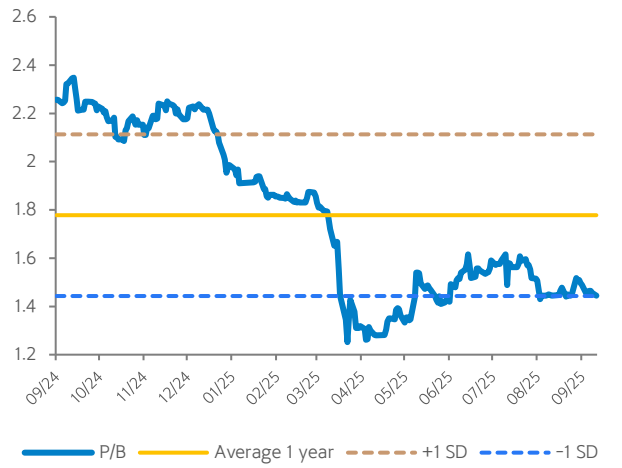
Source: Bloomberg, Company data, Shinhan Securities Vietnam

EV/EBITDA



Source: Bloomberg, Company data, Shinhan Securities Vietnam

P/B



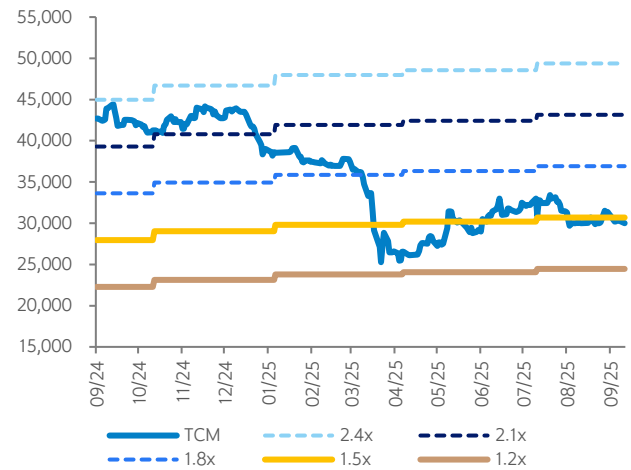
Source: Bloomberg, Company data, Shinhan Securities Vietnam

P/S band



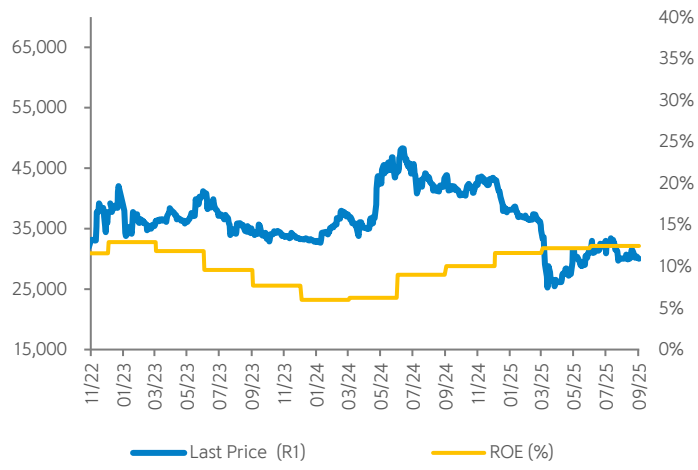
Source: Bloomberg, Company data, Shinhan Securities Vietnam

P/B band



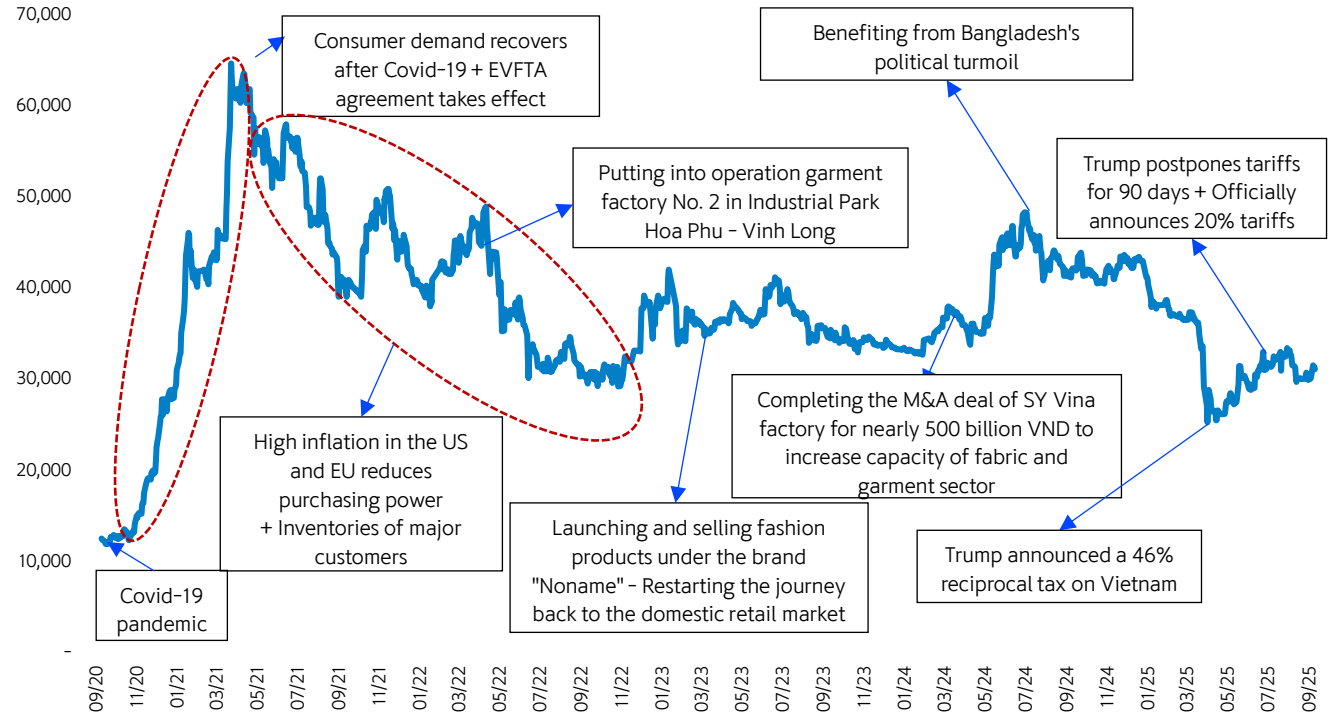
Source: Bloomberg, Company data, Shinhan Securities Vietnam

The correlation of TCM's price and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of TCM



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of declining demand in key markets

In the Japanese market - accounting for about 13% of TCM's 2024 revenue, according to the OECD Economic Outlook in June 2025, the country's real GDP is forecast to grow slowly at 0.7% YoY. Slow economic growth will affect the demand for apparel and fabrics in this market. This may affect TCM's fabric sales.

In the US market, demand is expected to decrease in the second half of 2025 when tariffs officially take effect. The impact of tariffs will increase the selling price of apparel, reducing the consumption of this item. Therefore, customers in the US may reduce the number of orders or place small orders instead of large orders as before to control inventory.

In the Korean market, TCM will face fierce competition from China in the context of difficulties in exporting garments to the US due to the negative impact of the trade war. Competition may affect TCM's order volume in the future.

Risk of additional EU sustainable fashion laws being announced and passed from March 2025 onwards.

The EU market is becoming more stringent since the ESPR (Ecodesign for Sustainable Products Regulation) comes into effect in June-July 2024. Additional legislation under the ESPR will be published and adopted from March 2025 onwards. This poses a challenge for Vietnamese textile and garment enterprises to ensure that their factories comply with sustainability regulations, which is expected to add 10% to factory construction costs.

Risk of poor business performance of major customer Eland

The business outlook of Eland Group has a significant impact on TCM's sales as this customer accounts for 23% of the company's total export revenue in 2024. Eland's order volume is heavily influenced by domestic demand and important markets such as China, the US, etc. Therefore, any decline in consumer demand from these markets can significantly reduce the demand for orders with TCM. As a result, TCM's revenue will also be affected.

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Total assets	**3,477**	**3,279**	**3,895**	**4,717**	**5,305**
Current assets	2,167	2,131	2,690	3,389	4,129
Cash and cash equivalents	422	435	563	902	1,066
Short-term financial	204	313	533	559	826
Accounts receivable	255	329	556	859	1,181
Inventories	1,255	1,028	1,003	1,040	1,026
Other assets	31	26	35	29	30
Long-term assets	1,310	1,149	1,205	1,328	1,176
Fixed assets	1037	961	1025	1135	975
Construction in progress	48	41	66	71	80
Long-term financial	86	5	5	5	5
Other assets	140	142	109	117	116
Total liabilities	**1,498**	**1,269**	**1,623**	**2,017**	**2,132**
Current liabilities	1,312	1,173	1,518	1,826	1,932
Accounts payable	361	386	642	678	753
Advance payments from	59	47	49	53	53
Loans and finance leases	818	632	712	980	932
Others	73	108	116	114	194
Long-term liabilities	186	95	105	191	200
Loans and finance leases	141	48	60	145	154
Others	45	47	45	46	45
Owner's equity	**1,979**	**2,010**	**2,272**	**2,700**	**3,173**
Owner's capital contribution	820	927	1,020	1,121	1,234
Capital surplus	23	23	23	23	23
Retained earnings	714	688	921	1,248	1,609
Others	412	363	297	297	297
Non-Controlling Interests	10	10	11	11	11
*Total Debt	959	680	771	1,125	1,086
*Net Debt (Cash)	537	246	208	223	20

Source: Company data, Shinhan Securities Company

Statement of cash flow

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Cash flow from operations	**252**	**414**	**392**	**11**	**116**
Net profit	350	189	350	387	470
D&A expenses	126	129	122	133	139
(Gain)/loss from investing activities	(32)	(18)	(39)	(29)	(18)
Change in working capital	(221)	83	(71)	(511)	(518)
Others	28	32	29	31	43
Cash flow from investments	**(10)**	**(62)**	**(352)**	**111**	**(230)**
Change in fixed assets	114	(22)	(196)	196	198
Change in investment assets	(124)	(41)	(156)	(85)	(428)
Others	-	-	-	-	-
Cash flow from financing	**(91)**	**(339)**	**87**	**217**	**279**
Change in equity	0	0	0	102	112
Net borrowings	(91)	(281)	88	160	225
Dividends	**(0)**	**(58)**	**(1)**	**(46)**	**(58)**
Change in total cash	**152**	**13**	**128**	**338**	**165**
Beginning cash	270	422	435	563	902
Change in FX rates	(0)	(0)	1	(0)	0
Ending cash	422	435	563	902	1,066

Source: Company data, Shinhan Securities Company

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Net revenue	**4,337**	**3,325**	**3,810**	**3,993**	**4,477**
Growth (%)	22.7	(23.3)	14.6	4.8	12.1
COGS	**(3,627)**	**(2,826)**	**(3,194)**	**(3,294)**	**(3,644)**
Gross profit	**710**	**499**	**617**	**699**	**833**
GPM (%)	16.4	15.0	16.2	17.5	18.6
SG&A	**(340)**	**(283)**	**(304)**	**(347)**	**(388)**
Operating profit	**370**	**216**	**313**	**352**	**445**
Growth (%)	97.1	(41.8)	44.8	12.5	26.7
OPM (%)	8.5	6.5	8.2	8.8	10.0
Non-operating profit	**(20)**	**(27)**	**38**	**35**	**25**
Financial income (FI)	106	82	92	110	118
Financial expense (FE)	(130)	(113)	(65)	(81)	(92)
In which: interest expenses	(31)	(38)	(25)	(37)	(42)
Net other non-operating profit	4	4	11	6	(1)
Pre-tax profit	**350**	**189**	**350**	**387**	**470**
Income tax	(69)	(55)	(72)	(81)	(82)
Net profit	**281**	**134**	**278**	**306**	**388**
Growth (%)	95.7	(52.4)	107.8	10.0	26.9
NPM (%)	6.5	4.0	7.3	7.7	8.7
Controlling interest	279	132	276	304	386
Non-controlling interest	2	2	2	2	2
EBIT	**319**	**151**	**326**	**350**	**428**
Growth (%)	100.4	(52.7)	115.6	7.4	22.5
EBIT Margin (%)	7.4	4.5	8.5	8.8	9.6
EBITDA	**445**	**280**	**447**	**483**	**567**
Growth (%)	59.9	(37.1)	59.9	8.0	17.5
EBITDA margin (%)	10.3	8.4	11.7	12.1	12.7

Source: Company data, Shinhan Securities Company

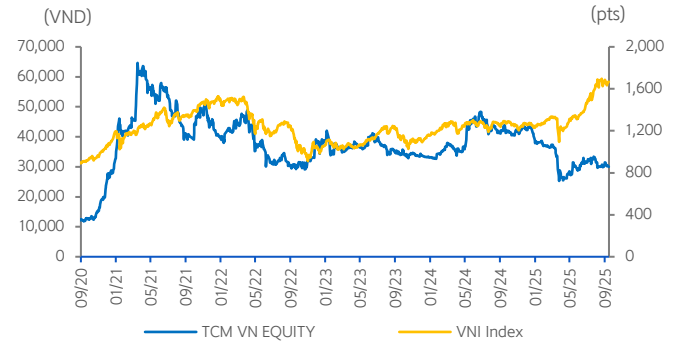
Key ratios

Year to Dec.	2022	2023	2024	2025F	2026F
EPS (đồng)	2,898	1,211	2,708	2,713	3,447
BPS (đồng)	24,002	21,576	22,177	23,988	25,639
DPS (đồng)	-	-	-	1,000	1,000
PER (x)	12.7	30.4	13.6	13.6	10.7
PBR (x)	1.5	1.7	1.7	1.5	1.4
EV/EBITDA (x)	7.5	11.9	7.5	6.9	5.9
Dividend payout ratio (%)	-	-	-	36.4	28.7
Dividend yield (%)	-	-	-	2.7	2.7
Profitability					
EBITDA margin (%)	10.3	8.4	11.7	12.1	12.7
OPM (%)	8.5	6.5	8.2	8.8	10.0
NPM (%)	6.5	4.0	7.3	7.7	8.7
ROA (%)	8.1	4.1	7.1	6.5	7.3
ROE (%)	14.2	6.7	12.2	11.3	12.2
Stability					
Debt to equity ratio (x)	48.5	33.9	33.9	41.7	34.2
Cash ratio	32.2	37.1	37.1	49.4	55.2
Interest coverage ratio (x)	10.3	4.0	13.1	9.4	10.2
Activity (%)					
Payable turnover (days)	142	145	103	123	132
Inventory turnover (days)	137	147	116	113	103
Receivable turnover (days)	23	32	42	65	83

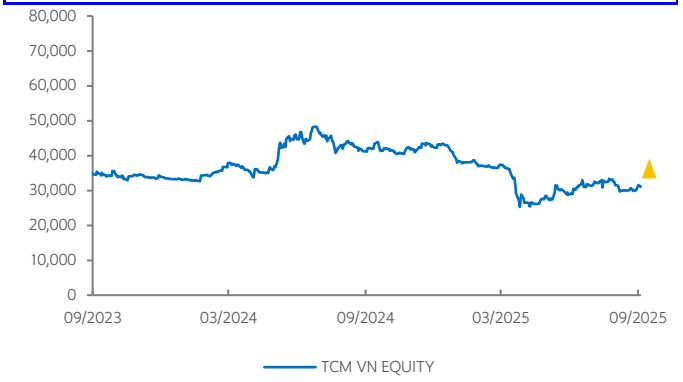
Source: Company data, Shinhan Securities Company

Thanh Cong Textile Garment Investment Trading JSC (TCM VN)

Stock price



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/ Min
10/02/2025 (Initial report)	BUY	37,800	108.6	83.9/154.0

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

Shinhan Securities Vietnam

Compliance & Disclosure Notice

Analyst Certification

- The following analysts hereby certify that their views about the companies and securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Trang Pham

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