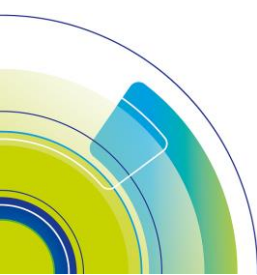


HBC – Investor Conference 2Q2022

HBC held an Investor Conference on 12/8/2022 with the following highlights:

- 1H2022 revenue reached VND7,063 bn (+30% YoY) and PAT reached VND63 bn (-5% YoY) thanks to post-pandemic recovery in construction activities but low gross profit margin (3.3% vs 6.1%) mainly due to the sharp increase in construction materials and labor costs.
- New construction value in 7M2022 was ~VND15,000 bn, completing 75% of target.
- Construction backlog by the end of 6/2022 was VND26,500 bn, of which VND10,000 bn from projects signed in 2021 and VND16,500 bn from newly signed projects in 2022.
- 2023 new construction value is estimated at VND24,000 bn, of which 25% from high-rise apartments, 20% from low-rise projects, 17% from hotels and resorts, 17% from transportation projects, 15% from industrial projects and the remainder from offices and malls.
- Strategic goals in 2022-2032: maintain the leading position in the country and expand to international markets.
- **For the goal of expanding to international markets**, HBC expects foreign revenue to gradually increase in the next 10 years and reach nearly 70% by 2032 which is the average rate of top international construction contractors. The company targets 4 main markets: Canada (Ontario), Australia, USA (Texas) and Europe because these markets have high construction prices, clear and safe business investment policies, high and stable immigrant population, free trade agreements available between Vietnam and these countries, shortage of construction materials and shortage or expensive human resources. Meanwhile, HBC can contribute part of equity to the project to become a co-contractor, has cost of design and construction many times lower than that of developed countries, experience and available human resources. Vietnam is currently one of the top exporters of construction materials to these countries which will ensure the supply chain of construction materials and construction progress.
- HBC currently has 10 potential international projects, of which 4 are expected to be developed in 2H2022 and 2023-2024:
 - A project in Brisbane, Australia through the form of co-investor and co-contractor with a total construction value of ~USD30 mn. The project has been licensed and will be excavated and piling in 3Q2022.
 - A project in Ontario, Canada through the form of co-investor and co-contractor with a total construction value of ~USD60 mn. The project has been licensed and the land lot will be prepared in 4Q2022 and excavated and piling in 2Q2023.
 - Little Mindil Resort project in Darwin, Australia through the form of co-contractor with a total construction value of ~USD50 mn. The project is applying for a construction permit and is expected to start construction in 2024.
 - A project in Ontario, Canada through the form of co-investor and co-contractor with a total construction value of ~USD40 mn. The project is being designed and is expected to start construction in 2024.
- If the above strategy is implemented, HBC expects that 2032 revenue and EAT will reach USD18.6 bn and nearly USD1 bn, respectively. EPS and ROE will increase to VND28,583/share and 25%.
- In the next 10 years, the company will borrow more from domestic and foreign banks, issue bonds and stocks to finance for its international expansion plan.
- HBC will improve the quality of accounts receivable through screening customers, amending and supplementing payment terms and accessing new and potential market.



- HBC will divest/develop 5 real estate projects with expected total value of VND2,000 bn and total profit of VND700 bn as shown in the table below:

No.	Project	Expected value (VNDbn)	Stake	Plan
1	1C Ton That Thuyet	460	85%	Transfer
2	Ascent Garden Homes	500	100%	Transfer
3	Ascent Plaza	450	100%	Develop
4	Ascent Lake Side	256	100%	Develop
5	Long Thoi	393	100%	Develop

Source: HBC

Comment: As of 2Q2022, HBC's financial status was quite risky with receivables of more than VND13,000 bn, accounting for more than 70% of total assets and a very high liabilities/equity ratio of 3.8 times. ACBS thinks that the company needs to improve its financial health before expanding into foreign markets. On the other hand, we appreciate the way HBC plans to enter the new market by being a co-investor and co-contractor and high potential of foreign construction market. The company is expected to benefit from the down-trend of construction material prices and government and businesses' speeding investment and construction activities to recover the economy.

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