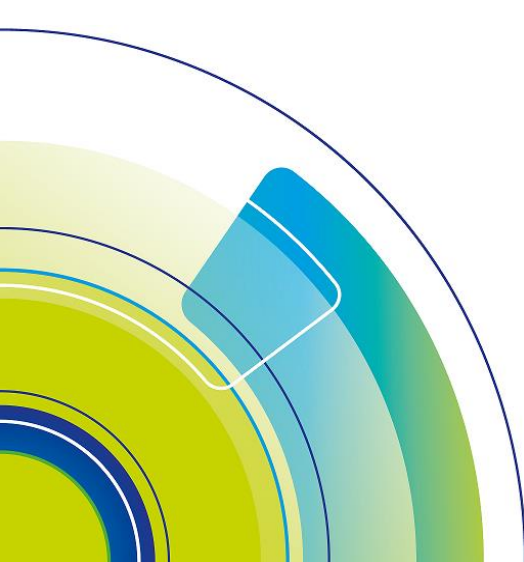




HHV Flash note - Not rated

June 6, 2024



Mr. Dat Do

(+84 28) 7300 7000 (x1048)

datdt@acbs.com.vn

Flash note

Recommendation

Not rated

HSX: HHV

Infrastructure

Target price (VND)

N/A

Market price (VND)

13,350

Expected share price return

N/A

Expected dividend yield

0%

Expected total return

N/A

Stock performance (%)

	YTD	1M	3M	12M
Absolute	0.4	3.3	-9.1	-3.9
Relative	-13.8	-1.9	-12.1	-25.4

Source: Bloomberg



Ownership

B.O.T Hai Thach Investment JSC

16.1%

Stock Statistics 05-Jun-24

Bloomberg code **HHV VN**

52-week range (VND) 11,706 - 17,372

Shares O/S (m) 412

Mkt cap (VND bn) 5,496

Mkt cap (USD m) 216

Est.Foreign room left (%) 40.7

Est. free float (%) 74.9

3m avg daily vol (m) 6,966,742

VND/USD 25,452

Index: VNIndex / HNX 1,284.35/244.49

DEO CA TRAFFIC INFRASTRUCTURE INVESTMENT JSC (HHV VN)

HHV held its 2024 AGM on May 21, 2024 with the following main highlights:

• **2024 targets:** In 2024, HHV aims to achieve a net revenue of VND 3,146 bn (+17% YoY) and a profit after tax of VND 404 bn (+11% YoY), respectively. By the end of 1Q/2024, HHV fulfilled 22% and 28% of its revenue and profit targets.

- From 2024 to 2025, HHV and Deo Ca Group have plan to invest in over 400 kilometers of highways. Key projects such as: Dong Dang - Tra Linh expressway (linking Cao Bang and Lang Son), the Huu Nghi - Chi Lang expressway (located in Lang Son), and the Tan Phu - Bao Loc expressway (situated in Lam Dong). They also intend to contribute to the City - Ho Chi Minh - Chon Thanh expressway, and the Ring Road 4 segment in Binh Duong province. The cumulative investment for these initiatives is nearly to VND 100 trn. In more details, the Dong Dang - Tra Linh and Huu Nghi-Chi Lang expressway projects, which attracted over VND 14.3 trn VND and VND 11 trn in investment, was launched on January 1, 2024 and April 21, 2024, respectively.

- HHV has approved a capital increase plan, which involves issuing an additional 169.93 million shares (corresponding to 41% of current charter capital), including 20.58 million shares for dividend payments in 2023; 75.86 million shares offered to existing shareholders, and 73.48 million shares for private placements. These amounts correspond to 5%, 15%, and 17% of the company's current charter capital. The total charter capital is expected to rise by VND 1,699 bn, resulting in a post-issuance total of VND 5,816.1 bn. HHV plans to use the proceeds for highway PPP projects, including Huu Nghi - Chi Lang, Dong Dang - Tra Linh, as well as personnel training and scientific and technological development.

• **1Q2024 business results:** HHV achieved net revenue of VND 690 bn (+28% YoY). The main contribution from BOT toll stations was nearly VND 477 bn (+23% YoY) and the construction segment was more than VND196 bn (+43% YoY). Of which, construction revenue mainly comes from bidding packages for the Cam Lam - Vinh Hao and Quang Ngai - Hoai Nhon expressway projects. After deducting expenses, HHV's net profit reached VND 96 bn (+32% YoY).

• **Quick comment:** In 2024, Vietnam enters the fourth year of its State Budget Investment Plan for 2021-2025, allocating a total planned capital of VND 657 trn (+12% YoY). As part of its goals, Vietnam aims to develop 3,000km to 5,000km of highways by 2025-2030. These infrastructure plans will generate significant backlogs for construction companies. Among them, HHV distinguishes itself with its modern scientific and technical resources, a highly skilled workforce, and that leading to higher gross margin than peer's average. Additionally, HHV's consistent cash flow from its BOT operations provides a solid foundation for funding infrastructure projects. An updated analysis and valuation of HHV's stock will be provided in the forthcoming report.

	2021	2022	2023	Q1/2023	Q1/2024
Net Sales (VND bn)	1,861	2,095	2,686	539	690
Growth	55.0%	12.6%	28.2%	25.1%	28.1%
EBITDA (VND bn)	1,146	1,285	1,398	336	430
Growth	33.4%	12.2%	8.8%	7.7%	27.9%
NPATMI (VND bn)	269	264	322	73	96
Growth	96.4%	-1.9%	22.0%	8.9%	31.5%
EPS (bonus-adjusted, VND)	1,006	858	978	237	243
Growth	95.3%	-14.7%	14.0%	-6.7%	2.5%
ROE	3.6%	3.3%	3.8%	0.9%	1.0%
ROA	0.8%	0.8%	0.9%	0.2%	0.3%
Net debt/EBITDA (times)	18.1	15.7	14.2	16.0	13.1
EV/EBITDA (times)	25.5	19.0	18.8	75.7	63.2
PER (times)	26.8	9.6	15.3	13.0	1.2
PBR (times)	1.6	0.6	0.9	0.8	0.9
DPS (VND)	0	0	0		
Dividend yield	0	0	0		

CONTACTS

Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City
Tel: (+84 28) 7300 7000
Fax: (+84 28) 7300 3751

Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi
Tel: (+84 4) 3942 9395
Fax: (+84 4) 3942 9407

RESEARCH DEPARTMENT

Acting Head of Research

Trang Do

(+84 28) 7300 7000 (x1041)
trangdm@acbs.com.vn

Manager – Properties Truc Pham

(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager – Financials Hung Cao

(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Manager – Consumer-related, Technology Chi Luong

(+84 28) 7300 7000 (x1042)
chiltk@acbs.com.vn

Associate – Macro & Money Market Minh Trinh Viet

(+84 28) 7300 7000 (x1046)
minhtvh@acbs.com.vn

Associate – Industrials Trung Tran

(+84 28) 7300 7000 (x1045)
trungtn@acbs.com.vn

Associate – Utilities Toan Pham

(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Associate – Oil & Gas Hung Phan

(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate – Logistic Hung Nguyen

(+84 28) 7300 7000 (x1047)
hungnt@acbs.com.vn

Associate – Construction Dat Do

(+84 28) 7300 7000 (x1048)
datdt@acbs.com.vn

Analyst – Technical Huu Vo

(+84 28) 7300 7000 (x1052)
huvvp@acbs.com.vn

Analyst – Market data Anh Mai

(+84 28) 7300 7000 (x1110)
anhmd@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director

Huong Chu

(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Associate Thanh Tran

(+84 28) 7300 6879 (x1120)
thanhtt@acbs.com.vn

Associate Huynh Nguyen

(+84 28) 7300 6879 (x1088)
huynhntn@acbs.com.vn

DISCLAIMER

Our Recommendation System

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.