

HA DO GROUP (HDG)

Energy supported growth trend while awaiting Charm Villas phase 3

12M rating **Non-rated**

The energy segment boosted NPAT

- HDG's 3Q24 revenue amounted to VND567bn, up 23% yoy (Figure 1), driven by growth in both the energy and leasing & hotel services segments (Figure 1).
- Besides, the gross profit rose by 33% yoy to VND337bn, with a gross margin of 56.9% in 3Q24 (+4%p yoy, figure 4). However, positive support came from (1) financial income in 3Q24 at VND17bn, showing a sharp rise of 59% yoy; and (2) interest expenses fell by 22% (Figure 2), positively contributing to a 20% yoy decrease in financial expenses. Hence, NPAT stood at VND182bn, up 83% yoy (Figure 3), specifically:
 - **Real Estate & Construction segment:** In 3Q24, HDG did not record any revenue from the sale of products in the Charm Villas Phase 3 project as it decided to delay the launch to a more favorable time. However, according to the BOD, the project is predicted to open for partial sales in 4Q24F; hence, we expect it to make a positive contribution to real estate revenue.
 - **Energy segment:** Hydropower plants and the 7A Wind project contributed mainly to the growth of this segment in 3Q24. As a result, revenue and the gross profit (GP) of the energy segment reached VND451bn (+26% yoy, figure 1) and VND291bn (+37% yoy, figure 4), rose the gross margin (GM) to 66% (+6.6%p yoy), specifically:
 - **Hydropower group:** Due to (1) the La-Niña transition (Figure 9) and (2) the Yagi storm boosted water inflow to reservoirs boosted by 43% yoy (Figure 11), with the Za Hung (50MW) and Dak Mi 2 (147MW) hydropower plants, which recorded the output reaching 48mn kWh (+100% yoy, figure 5) and 121mn kWh (+23% yoy, figure 5), respectively. Consequently, revenue skyrocketed to 16% yoy (VND291bn, figure 6). Besides, according to EVN, the water flow throughout the country keeps upward in 4Q24F and data's the October recorded sustainable yoy. This factor underpins solid growth of HDG's hydropower plants in 4Q24F (Figure 10).

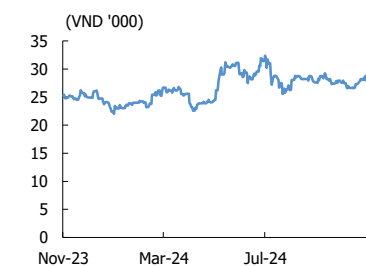
Stock Data

VNIndex (14 Nov, pt)	1,246
Stock price (14 Nov, VND)	28,800
Market cap (USD mn)	382
Shares outstanding (mn)	336
52-Week high/low (VND)	32,400/21,978
6M avg. daily turnover (USD mn)	5.99
Free float / Foreign ownership (%)	48.7/15.3
Major shareholders (%)	
Nguyen Trong Thong	31.83
Nguyen Van To	8.12
CTBC Vietnam Equity Fund	4.86

Performance

	1M	6M	12M
Absolute (%)	4.0	19.1	15.2
Relative to VNIndex (%p)	7.1	17.5	0.8

Stock price trend



Source: Bloomberg

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	4,342	4,998	3,777	3,581	2,889
chg. (% YoY)	35	15	(24)	(5)	(19)
Operating profit (VND bn)	1,397	1,545	1,650	1,614	961
Net profit (VND bn)	116.9	1253.8	1343.6	1361.9	866.2
EPS (VND)	7,852	6,158	4,627	3,605	2,175
chg. (% YoY)	43	(22)	(25)	(22)	(40)
EBITDA (VND bn)	1750.8	2104.4	2295.5	2577.1	2009.9
PE (x)	5.44	9.17	5.83	6.64	12.57
EV/EBITDA (x)	5.93	7.09	6.30	5.61	7.58
PB (x)	2.05	2.91	1.45	1.34	1.49
ROE (%)	43.7	36.0	29.8	22.7	11.8
Dividend yield (%)	2.4	1.7	3.1	0.0	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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Research Department

researchdept@kisvn.vn

- *Wind power group:* In 3Q24, the average wind speed in Ninh Thuan showed improvement, rising 10% yoy (Figure 7). Thus, the 7A wind power project recorded production and revenue of 22mn kWh (+5% yoy, figure 5) and VND46bn (+2% yoy, figure 6), respectively. Additionally, data indicates that wind speed in 4Q24F is estimated to grow by 5% yoy, which is expected to positively support output for the 7A wind project.
- *Solar power group:* On the other hand, affected by the La-Niña phase, temperatures in the Phan Thiet and Phan Rang areas cooled compared to the same period in 2023. As a result, revenue reached VND43bn (-4% yoy, figure 6), mainly due to lower production (-2% yoy, figure 5).
- *Leasing & Hotel Services Segment:* Revenue reached VND112bn, reflecting a 21% yoy growth (Figure 1). This performance was driven by the consistently high occupancy rate of IBIS hotels, averaging ~70%. As a result, gross profit stood at VND47bn, marking a 16% yoy rise (Figure 4), with a 7%p improvement in 3Q24.

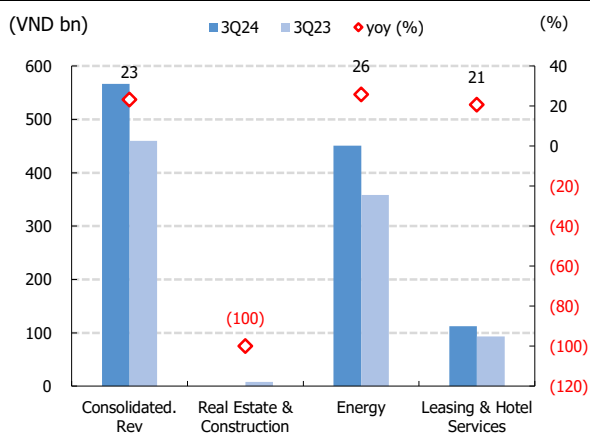
Table 1. Quarterly earnings snapshot

(VND bn, %, %p)

	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ	YoY
Sales	460	862	848	550	567	3	23
OP	107	393	321	112	208	86	94
OP margin	23.4	45.6	37.9	20.4	36.7	16.3	13.3
EBT	110	403	319	125	203	63	86
NPAT	100	373	264	99	182	85	83

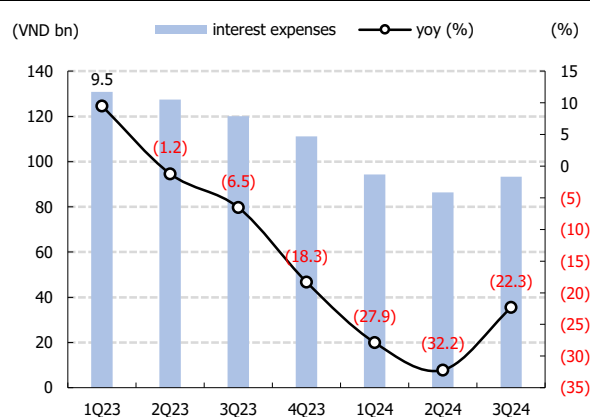
Source: Fiiipro-X, Company data, KIS Research

Figure 1. The Energy segment drives growth, +21% yoy



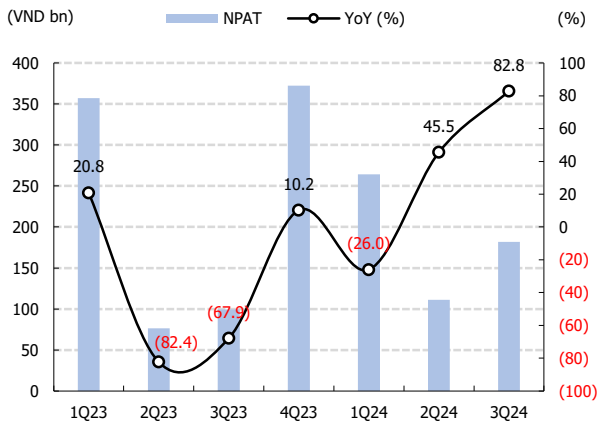
Source: Company data, KIS Research

Figure 2. Interest expenses are down 22% yoy, positively contributing to financial costs



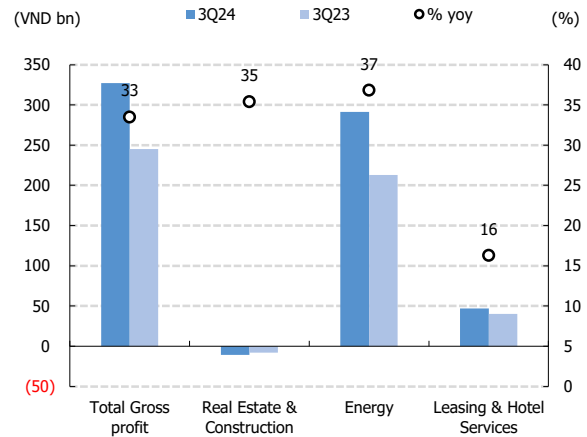
Source: Company data, KIS Research

Figure 3. ... primarily contributions from the power sector.



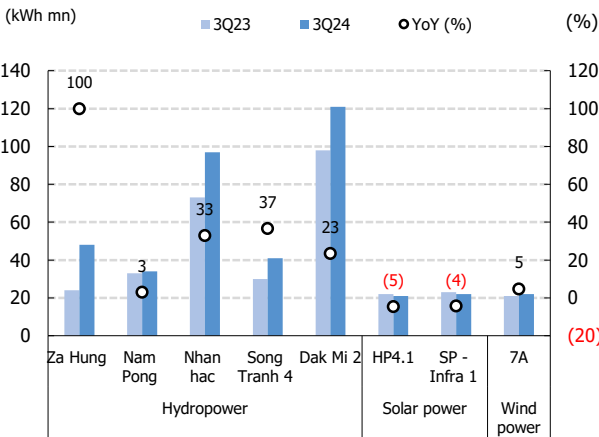
Source: Company data, KIS Research

Figure 4. The gross profit rose strongly, with a gross margin of 56.9% in 3Q24 (+4%pt yoy)



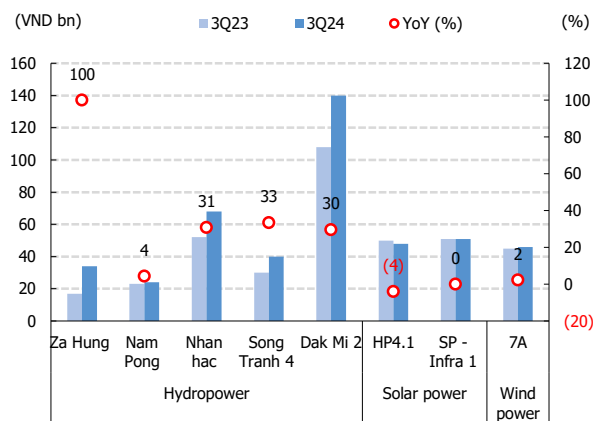
Source: Company data, KIS Research

Figure 5. Hydropower plants output all recorded positive growth to 20% yoy, reaching 390mn kWh



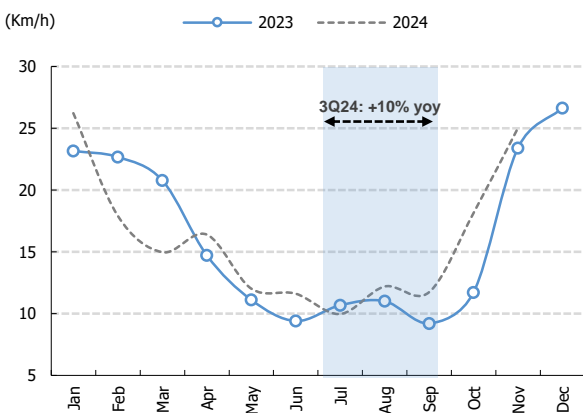
Source: Company data, KIS Research

Figure 6. ... revenue hydropower groups mainly driven growth



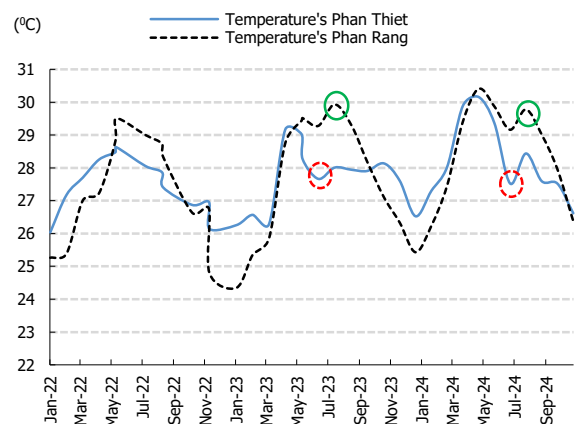
Source: Company data, KIS Research

Figure 7. High average wind speeds in 3Q24 are benefiting the 7A Wind project



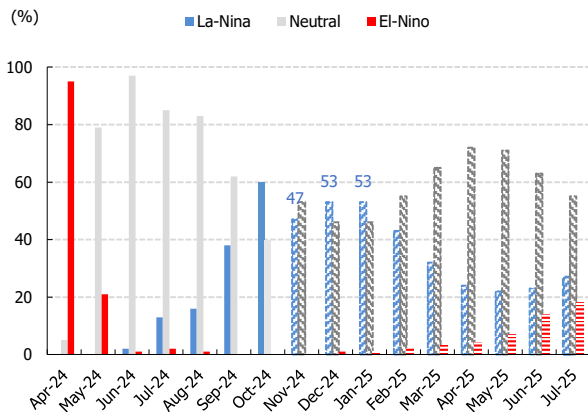
Source: Meteostat, KIS Research
 Note: Data about the average wind speed in Ninh Thuan, Phan Rang recorded to 15th November (The 7A Wind project in Ninh Thuan, Phan Rang – 50MW)

Figure 8. In 3Q24, the temperature's both Phan Thiet and Phan Rang regions declining yoy



Source: Meteostat, KIS Research
 Note: Data recorded about the temperature's the Hong Phong 4.1 (Phan Thiet, 48MW) and the SP – Infra 1 (Phan Rang, 50MW) solar power projects
 Data recorded to 15th November

Figure 9. La-Niña phases expect last to the end of 2025, ~60%



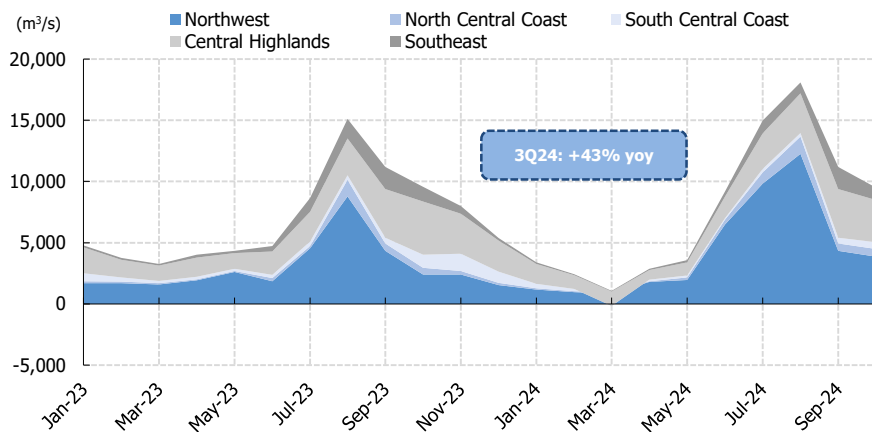
Source: EVN, KIS Research

Figure 10. CF in Oct of the hydropower groups still swelled by 63%, +31% yoy

	Hydropower	Coal fired	Gas fired	Oil fired	Solar	Wind
Oct-24	63%	52%	22%	0%	33%	19%
Sep-24	73%	43%	19%	0%	31%	24%
Aug-24	78%	50%	26%	0%	40%	18%
Jul-24	73%	49%	27%	0%	33%	30%
Jun-24	59%	62%	35%	0%	37%	21%
May-24	26%	79%	44%	7%	36%	13%
Apr-24	22%	81%	46%	10%	41%	9%
Mar-24	16%	74%	44%	0%	36%	34%
Feb-24	18%	58%	36%	0%	33%	30%
Jan-24	27%	64%	34%	0%	31%	44%
Oct-23	48%	54%	38%	0%	28%	13%
Sep-23	54%	48%	28%	0%	33%	16%
Aug-23	60%	45%	29%	0%	35%	30%
Jul-23	37%	67%	45%	5%	27%	19%
Jun-23	28%	70%	48%	3%	35%	17%
May-23	27%	70%	77%	5%	39%	20%
Apr-23	32%	63%	53%	13%	38%	15%
Mar-23	28%	60%	51%	0%	39%	28%
Feb-23	33%	51%	49%	0%	36%	35%
Jan-23	32%	39%	34%	0%	26%	32%

Source: NOAA, KIS Research
Note: Capacity factor (CF)

Figure 11. The water flow at the reservoir expect improve as La-Niña is predicted to last until the end of 2025



Source: EVN, KIS Research

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