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Rating Updates*

FiinRatings reaffirmed the Issuer rating for Van Phu - Invest Investment Joint Stock Company (“VPI”) at ‘BB+’; outlook ‘Stable’

Hanoi, 3 March 2025

RATING SUMMARY

Criteria	Previous Surveillance	Current Surveillance
Business Risk Profile	**Strong 2/6**	**Strong 2/6**
Industry Risk	*Moderately High 4/6*	*Moderately High 4/6*
Competitive Position	*Strong 2/6*	*Strong 2/6*
Financial Risk Profile	**Aggressive 5/6**	**Aggressive 5/6**
Company Anchor	**bb+**	**bb+**
Modifiers:		
Diversification	*+0*	*+0*
Capital structure	*+0*	*+0*
Liquidity	*+0*	*+0*
Financial policy & Management	*+0*	*+0*
Stand-alone Credit Profile (‘SACP’)	**bb+**	**bb+**
External Support	**+0**	**+0**
Issuer Credit Rating	**BB+**	**BB+**
Outlook	**Stable**	**Stable**

Our affirmation of VPI’s **BB+/Stable** rating reflects the company’s business resilience and adequate liquidity, despite navigating a challenging 2024 amid margin compression and weaker profitability. Gross margin and EBITDA margin declined significantly, while Debt/EBITDA rose to 7x from the previous 3-4x range, highlighting increased leverage pressures. However, strong project execution capabilities and ongoing deleveraging efforts through asset divestments and debt reduction helped mitigate financial risks. With key projects such as Vlasta Thuy Nguyen and The Terra Bac Giang expected to drive sales recovery, our key monitoring factors will lie in market absorption trends, funding access, and financial discipline in the coming quarters.

Outlook: The stable outlook reflects VPI’s ability to sustain project execution, manage debt maturities, and maintain adequate liquidity, supporting its 'BB+' rating over the next 12 months.

Upgrade Scenarios: There is a low likelihood of rating upgrade within the next 6-12 months; however, a rating upgrade or outlook upgrade can be considered in case the Company receives land and related payments for the current BT-contract projects.

Downgrade Scenarios: We could take negative rating actions if the Company experiences:

- Sales momentum weakens, leading to a further decline in cash flow coverage.
- Debt levels increase while project execution slows, pushing Debt-to-EBITDA above 8.0x.
- Regulatory uncertainties significantly impact project timelines, limiting revenue visibility.
- The overall property development industry is assessed by FiinRatings to get riskier, leading to our revision on the industry risk assessment to a higher (riskier) level, which in turns will have negative impact on the Company's business risk profile score.

Industry Classification: Residential property development

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** Please note that this is a suggested rating note format for conducting rating surveillance of existing cases of FiinRatings.*

Analytical team must ensure following the surveillance process suggested in FiinRatings Process Manual to ensure all required processes like collecting data, preparing questionnaire, having update calls with all business heads of the Company are met at the time of conducting the surveillance exercise.

Once all data and meetings are conducted, the analytical team can refer to this format to prepare the surveillance rating note to update the committee.

Please note that this is a suggested format which the analytical team should consider as a draft and add/ make changes to the same to customise it for the Company under surveillance.

It is importance to include all relevant information on the Company (including factual and news search) from the time the committee last reviewed the case. Also ensure that the industry parameters specific to the industry are captured adequately.

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KEY BUSINESS UPDATES AND METRICS

- **Revenue grew modestly** by +1.8% YoY, reaching VND 1,898 billion. However, **profitability weakened** significantly, with EBITDA margin declining to 30.4% in 2024 (from 69.7% in 2023). This margin contraction was driven by the company's shift towards wholesale transactions amid challenging real estate market conditions in Vietnam, a trend seen across the sector. The high-rise section of The Terra Bac Giang was sold to a wholesale buyer known as New Goldsun JSC Q3/2024. Total sales from The Terra Bac Giang, including low-rise units, accounted for over 80% of total revenue.
- **Strategic divestments to focus on core projects simultaneously help to improve liquidity sources**: In 2024, VPI transferred the high-rise section of The Terra Bac Giang project and divested its subsidiary, Hung Son Investment One Member Co., Ltd., recording a financial gain of VND 174 billion. Additionally, in early 2025, the divestment of the Phong Phu project (Dong Nai) provided additional capital buffers, positioning the company to capitalize on upcoming M&A opportunities in the market. Moving forward, VPI aims to strengthen its competitive edge by focusing on the development of higher-margin projects, particularly mid-to-high-end residential developments of moderate scale in fast-growing provinces and cities.
- **Liquidity remains stable**, supported by the divestment of Hung Son Investment, cash inflows from sales at The Terra Bac Giang, and the recovery of partner loans. VPI's cash and cash equivalents balance surged to VND 457.3 billion in 2024 (2023: VND 191.4 billion).
- **The leverage level improved but the debt coverage level weakened due to lower profitability.**
  - In 2024, VPI successfully completed the conversion of VND 690 billion of convertible bonds into equity, which was pre-agreed with VIAC Limited Partnership (belonging to Vietnam Oman Fund). This led to VIAC Limited Partnership becoming a large institutional shareholder at VPI, with 9.3% stake.
  - Total new debt raised of VND 3,167.6 billion, therein VND 1,050 billion from three bond issuances; Total principal repayment of VND 3,178.9 billion, bringing **the Debt-to-Equity ratio down to 0.9x**, the lowest in five years.
  - **Debt/EBITDA rose to 7x from the previous 3-4x range**, highlighting increased leverage pressures. Future Project Financing Approach: VPI maintains a 70% debt - 30% equity funding structure for new projects. Also, the company has formed multiple joint ventures for project bidding and execution to mitigate financial pressure and ensure manageable debt levels.
- **Inventory & Construction in Progress (CIP) declined by 14.4% YoY**, improving inventory turnover. However, amid a weak market absorption environment, VPI's Contracted Sales/Inventory ratio (adjusted to include long-term assets-in-progress) declined sharply to 1.5% in 2024 (2023: 14.8%).

Exhibit 01: Key Metrics of VPI in comparison to industry median (2020 – 2024)

		VPI					Industry median	
Key Metrics	*Unit*	**2020**	**2021**	**2022**	**2023**	**2024***	**2023**	**2024***
Total assets	*VND bn*	9,703.5	9,835.5	11,096.0	12,530.9	11,144.2	3,308.2	4,050.3
Net Revenue**	*VND bn*	2,165.0	2,610.6	2,152.1	1,864.8	1,898.0	350.9	309.8
Contracted sales /Inventories	*%*	77.1%	16.5%	11.0%	14.8%	1.5%	16.2%	16.3%
Gross profit margin	*%*	31.6%	24.6%	54.2%	69.7%	16.7%	38.4%	33.6%
ROE**	*%*	10.9%	10.8%	13.8%	11.7%	6.8%	2.3%	1.6%
Adjusted debt/EBITDA**	*times*	4.1	6.3	3.8	4.3	7.3	4.1	3.4
Adjusted Debt / Equity	*times*	1.0	1.1	1.3	1.4	0.9	0.4	0.4
EBITDA/Interest expense**	*times*	2.2	3.0	2.2	2.1	2.5	3.0	2.3
Quick ratio	*times*	1.4	1.9	1.9	1.3	2.8	1.8	1.9

Source: FiinRatings, VPI

Notes: VPI's figures have been adjusted for capitalized interests and interest expenses and bonds;

** Some companies have not released audited figures at the time of this report; ** 12-month trailing figures.*

RATING RATIONALE

FiinRatings reaffirms Van Phu - Invest Investment Joint Stock Company (VPI) at 'BB+' with a Stable outlook, underpinned by the company's ability to sustain operations despite market headwinds in Vietnam's real estate sector. Our affirmation also reflects the company's business resilience and adequate liquidity, despite navigating a challenging 2024 amid margin compression and weaker profitability. Gross margin and EBITDA margin declined significantly, while Debt/EBITDA rose to 7x from the previous 3-4x range, highlighting increased leverage pressures. However, strong project execution capabilities and ongoing deleveraging efforts through asset divestments and debt reduction helped mitigate financial risks. With key projects such as Vlasta Thuy Nguyen and The Terra Bac Giang expected to drive sales recovery, our key monitoring factors will lie in market absorption trends, funding access, and financial discipline in the coming quarters.

Vietnam's real estate sector is undergoing a pivotal shift due to new Land Law amendments in 2025 and government restructuring of key ministries, including the merger of the Ministry of Construction into the Ministry of Transport and other institutional consolidations. While these changes reinforce real estate's role in economic development, market liquidity recovery is expected to be gradual due to persistently high property prices, particularly in Hanoi and Ho Chi Minh City. However, public investment and infrastructure expansion are likely to boost demand in satellite cities such as Bac Giang, Bac Ninh, and Hai Phong. Under this evolving regulatory and market environment, real estate developers will face a new set of challenges, particularly rising operating costs, as land prices are no longer at the historically low levels seen before the Land Law revisions. This will put pressure on margins, especially for developers reliant on land banking at low acquisition costs in previous cycles. However, mid-range housing developers like VPI, which cater to real demand, will be better positioned to improve cash flow and strengthen their credit profile, in contrast to luxury residential and hospitality-focused developers, who may face prolonged demand softness. Although concerns about bond repayment pressures in the real estate sector have subsided, thanks to developers proactively repurchasing bonds ahead of maturity and Decree 08/2023/NĐ-CP allowing for a maximum two-year debt extension, we believe that the sector's overall leverage will remain high. This is driven by: (i) the need for new bond issuances to restructure existing debt; (ii) rising land acquisition costs; and (iii) increased M&A activity, as weaker developers are forced to divest project stakes to ensure liquidity. In this context, developers with strong execution capabilities, access to diverse funding sources, and a focus on real demand-driven projects will be better positioned to navigate the evolving landscape and sustain financial stability.

VPI's business risk profile is maintained as 'strong' to reflect the company's resilient execution within 2024 and expected to continue in 2025-2026 despite market headwinds. VPI's revenue increased by +1.8% YoY to VND 1,898 billion in 2024, primarily driven by The Terra Bac Giang project, which accounted for more than 80% of total sales. While profitability declined (EBITDA margin: 30.4% in 2024 vs. 69.7% in 2023), the company's ability to generate sales in a weak market reinforces its execution capabilities. We expect VPI's revenue in 2025 will be primarily driven by Vlasta Thuy Nguyen, expected to contribute 40-50% of total cash inflows, followed by The Terra Bac Giang low-rise area, which has high liquidity and strong market demand. For Grandhome (Yen Phong - Bac Ninh) project, the key driver will come from selling detached low-rise housing, as the social housing segment remains less favorable due to weak demand and lower profitability. Additionally, the company is advancing smaller high-liquidity projects in major cities such as the TT39-40 project in Hanoi, which is expected to generate quick cash flow starting in 2025 to cover debt pressure while securing solid profit margins within 25-35%. Given the high demand in the premium location, we expect that actual margins could be even higher.

While Vietnam's real estate market is gradually recovering, affordability concerns and regulatory changes could delay sales cycles. VPI's contracted sales/inventory ratio declined sharply to 1.5% in 2024 (2023: 14.8%), indicating slower sales absorption, which may weigh on cash flow timing. However, with an improving market sentiment and the launch of projects with stronger demand, including Vlasta Thuy Nguyen, The Terra Bac Giang low-rise area, and TT39-40 (Hanoi), this ratio is expected to recover to around 12% in 2025 and 20% in 2026, supporting a more stable cash flow outlook.

VP's leverage and debt profile are expected to be manageable but will elevated within the aggressive level. The company actively managed its debt structure by raising VND 3,167.6 billion in new debt in 2024, while successfully converting VND 690 billion in bonds into equity, bringing its Debt-to-Equity ratio down to 0.9x—the lowest in five years. The company successfully issued VND 650 billion in public bonds in Q1/2024, VND 250 billion in private bonds in Q4/2023, and VND 150 billion in private bonds in Q2/2024, strengthening its capital base and improving financial flexibility. Regarding funding strategy, VPI will continue maintaining a 70% debt - 30% equity funding mix, ensuring manageable dent pressure and financial flexibility.

Although VPI successfully raised VND 1.05 trillion in bonds in late 2023 and 2024, upcoming 2025 and 2027 maturities may require additional refinancing. Based on VPI's financial risk profile, the leverage level is expected to remain relatively high, with Debt-to-Equity ratio estimated increase slightly to 1.1-1.3x due to ongoing funding needs for project execution and debt refinancing. The Debt-to-EBITDA ratio is forecasted to improve around 6.0-7.0x within 2025-2026. Also, after a temporary dip in operating profitability in 2024, we expect the EBITDA interest coverage ratio to slightly recover to 1.8-2.0x, under the assumptions of stable financing cost around 8.7-11% per annum and improved earnings thanks to upcoming key projects. The expected improvement in financial risk profile overall supports VPI’s BB+/Stable rating outlook.

Liquidity is expected to remain manageable and adequate, which has been demonstrated by the company’s prioritization of securing liquidity through project divestments. Liquidity sources-to-uses ratio is projected at 1.1x per quarter within 2025-2026, reflecting adequate cash coverage. Though the company successfully navigated a high debt maturity period in 2024, debt repayment pressures in 2025 and 2027 remain significant, with the newly structured debt carrying a weighted average debt maturity of 2.9 years. However, the extended repayment timeline compared to previous periods suggests lower refinancing risk, reinforcing the importance of timely project cash inflows and strategic financial planning to maintain financial stability.

BASE-CASE SCENARIO

Exhibit 02: Key assumptions regarding VPI's operation under base-case scenario:

Criteria	Base-case assumptions within 2024-2025
Operation inflows in 2025-2026	- Property sales from following projects: (i) Vlasta Thuy Nguyen: sale opening to start in Q2/2025 (half year delay compared to previous plan of Q4/2024) (ii) The Terra Bac Giang: Continue to sell the low-rise area. (iii) Grandhome (Yen Phong-Bac Ninh): focus on townhouse sales (iv) TT39-40: construction to start in Q2/2025 and sales to start in Q3/2025; (v) Haircut 50% from VPI's planned receipt from the divestment from Loc Binh project within 2025-2026 - Inflows from commercial properties including Hanoi Residence Oakwood, and The Terra An Hung continue to contribute around VND 150-200 billion to total revenue per year. - Exclude projects awaiting land approval via Build-Transfer contracts: Kinh Duong Vuong, Ky Dong, Dao Duy Tu, Ly Tu Trong.
Operation outflows in 2025-2026	Development, construction and selling costs for open-for-sale projects including The Terra Bac Giang, Grand home (Yen Phong-Bac Ninh); Vlasta Thuy Nguyen; two big projects starting construction in Q4/2026 including Binh Chanh and Grandeur Palace My Dinh. Pre-development spendings are allocated to projects: - Bao Ninh 8 (Quang Binh province; Song Khe – Noi Hoang (Bac Giang) - Capital contribution to projects including, Binh Chanh, Bang Giang Urban area No.22; - Projects under site clearance or pending zoning variance phase including Con Khuong, Loc Binh SG&A expense to range within 8-16% annually during the period of 2025-2026 Exclude projects awaiting land approval via Build-Transfer contracts: Kinh Duong Vuong, Ky Dong, Dao Duy Tu, Ly Tu Trong.
Funding	- New borrowings are bank loans specific for a project whose credit limit is already approved or signed by banks, with disbursements based on their progress; - VND 1200 billion is to be raised via bond issuance in Q2/2024 - No new equity raised via share issuance; No cash dividend payment in 2025-2026; - Borrowing cost within 8.7-11% per annum.
Debt maturity	- 18-month grace period for principal repayment with quarterly frequency is granted on the loan provided by VPBANK regarding Vlasta Thuy Nguyen project, with the first principal repayment in Q3/2025.

Exhibit 03: VPI's key metrics in the base-case scenario:

Base-case Key Metrics	Actual (A) 2022A	2023A	2024A	Forecasted (F) 2025F	2026F
Business Risk Profile					
Total revenue (VND bn)	2,199.4	1,864.8	1,898.0	2,649.8	3,241
Adjusted EBITDA (VND bn)	1,248.2	1,264.2	640.8	928.4	1,233.7
Total assets (VND bn)	11,096.0	12,530.9	11,144.2	13,030.5	15,811.5
Adjusted Inventory (VND bn)	4,573.2	6,401.2	5,594.9	5,565.0	5,874.2
Contracted sales/Inventories (%)	11.0%	14.8%	1.5%	12.1%	20.1%
Inventory days (days)	1,551.6	3,541.6	1,384.9	1,034.7	1,036.3
Gross profit margin (%)	54.2%	69.7%	16.7%	25.7%	37.8%
SG&A/Revenue (%)	17.0%	19.3%	7.3%	8.6%	16.2%
Net Profit Margin (%)	22.9%	24.2%	16.2%	12.7%	15.4%
Adjusted EBITDA margin (%)	56.8%	67.8%	33.8%	35.0%	38.1%
Financial Risk Profile					
Adjusted Debt (VND bn)	4,630.0	5,399.3	4,690.0	6,158.9	7,932.2
Adjusted Debt/Equity (X)	1.3	1.4	0.9	1.1	1.3
Adjusted Debt/EBITDA (x)	3.8	4.3	7.3	6.6	6.4
Adjusted EBITDA interest coverage (x)	2.2	2.1	2.5	1.8	2.0

Source: FiinRatings, VPI;
Note: Adjusted debt includes convertible bonds and interest expenses and bonds. Adjusted EBITDA and adjusted interest expenses include capitalized interest expenses (if any)

LIQUIDITY

FiinRatings estimates that as of the end of 2024, VPI's weighted average maturity reaches 2.90 years (slightly higher than 2.87 years at Q1/2024), indicating unchanged refinancing pressure. We expect that VPI will be able to maintain liquidity at an adequate level with an estimated liquidity sources to uses ratio of at least 1.1 times over the next 12 – 24 months.

Exhibit 04: VPI's estimated debt maturity profile as of year-end 2024 (Unit: VND billion)

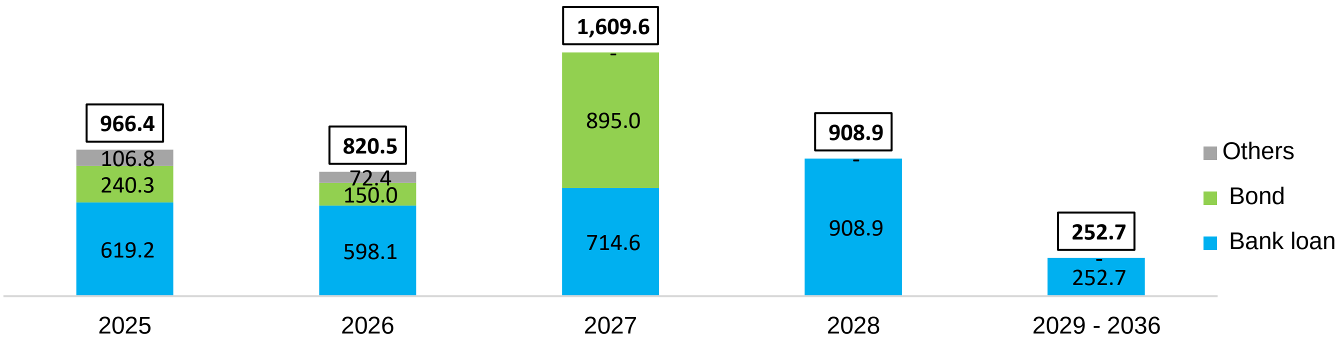

Exhibit 05: Liquidity sources and uses of VPI in 2025-2026

Base-case	2025.Q1	2025.Q2	2025.Q3	2025.Q4	2026.Q1	2026.Q2	2026.Q3	2026.Q4
Unit: VND billion								
Liquidity sources	**1,084.2**	**2,271.6**	**2,188.9**	**2,646.3**	**2,953.1**	**2,132.1**	**2,455.4**	**2,379.3**
O/B Cash	457.4	425.9	774.9	245.0	381.9	737.5	655.8	611.2
Operation inflows	486.9	634.8	779.9	1,684.6	1,543.3	1,332.2	1,136.3	1,545.8
New borrowings (*)	140.0	1,210.8	634.1	716.6	1,027.9	62.4	663.3	222.4
Equity issuance	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Liquidity uses	**(658.3)**	**(1,496.7)**	**(1,943.9)**	**(2,264.4)**	**(2,215.6)**	**(1,476.3)**	**(1,844.2)**	**(1,457.6)**
Operation outflows	(166.2)	(631.3)	(875.9)	(792.6)	(758.5)	(513.7)	(1,295.1)	(690.0)
Investments	(23.0)	(320.1)	(422.1)	(581.6)	(1,030.2)	(114.5)	(25.0)	-
M&A	-	-	-	-	-	-	-	-
Debt principal repayment	(334.4)	(387.5)	(456.5)	(733.7)	(228.6)	(675.6)	(314.3)	(593.8)
Interest payment	(134.7)	(157.7)	(189.5)	(156.5)	(198.4)	(172.5)	(209.7)	(173.8)
Dividend payment	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Liquidity Sources / Liquidity uses	**1.6**	**1.5**	**1.1**	**1.2**	**1.3**	**1.4**	**1.3**	**1.6**

APPENDIX 1: SUMMARIZED FINANCIAL STATEMENTS

Balance Sheet (VND bn)	2020	2021	2022	2023	2024*
CURRENT ASSETS	**5,793.5**	**6,773.3**	**5,036.6**	**5,950.4**	**5,152.3**
Cash & cash equivalent	1,030.6	1,122.7	488.4	191.4	457.4
Short-term investment	4.0	-	38.4	5.1	40.5
Short-term accounts receivable	2,743.3	2,112.4	2,514.8	2,002.1	1,680.1
Trade receivables	1,062.5	380.6	130.7	103.3	182.8
Prepayments to suppliers	333.3	321.8	110.9	107.8	236.1
Others	1,347.5	1,410.1	2,273.2	1,791.0	1,261.2
Inventories	1,803.2	3,442.8	1,925.6	3,696.8	2,946.2
Other current assets	212.5	95.3	69.3	55.0	28.1
NON-CURRENT ASSETS	**3,910.0**	**3,062.1**	**6,059.4**	**6,580.5**	**5,991.9**
Long-term accounts receivable	1,708.6	483.5	517.2	705.2	745.1
Fixed assets	592.3	581.1	583.7	560.0	534.9
Tangible fixed assets	587.5	575.1	578.2	555.0	529.7
Intangible fixed assets	4.8	6.0	5.5	5.0	5.2
Investment properties	-	-	733.7	716.6	316.0
Long-term assets in progress	423.2	359.7	2,647.6	2,704.4	2,648.8
Long-term investments	982.6	1,475.6	1,439.4	1,742.6	1,593.6
Other long-term assets	203.4	162.2	137.8	151.6	153.4
TOTAL ASSETS	**9,703.5**	**9,835.5**	**11,096.0**	**12,530.9**	**11,144.2**
LIABILITIES	**6,745.3**	**6,441.0**	**7,337.3**	**8,564.2**	**6,067.1**
Current liabilities	4,097.5	3,564.7	2,636.4	4,674.6	1,818.0
Short-term trade payables	292.9	344.3	228.5	86.4	102.6
Short-term advances from customers	1,713.4	623.2	579.2	1,029.2	86.3
Short-term debt	1,272.3	1,794.5	794.7	2,095.6	966.4
Other short-term liabilities	818.96	802.71	1,033.9	1,463.3	662.72
Long-term liabilities	2,647.8	2,876.4	4,700.9	3,889.7	4,249.0
Long-term trade payables	-	-	-	-	-
Long-term debt	1,764.6	1,356.5	3,171.6	3,262.8	3,582.4
Other Long-term liabilities	883.2	1,519.9	1,529.3	626.8	666.6
TOTAL EQUITY	**2,958.2**	**3,394.4**	**3,758.7**	**3,966.6**	**5,077.1**
Contributed capital	2,000.0	2,200.0	2,420.0	2,420.0	3,200.5
Retained earnings	735.4	878.8	999.7	1,222.6	1,062.6
Others	222.9	315.7	339.1	324.0	814.0
TOTAL RESOURCES	**9,703.5**	**9,835.5**	**11,096.0**	**12,530.9**	**11,144.2**

Income Statement (VND bn)	2020	2021	2022	2023	2024*
NET REVENUE	**2,165.0**	**2,610.6**	**2,152.1**	**1,864.8**	**1,898.0**
Cost of sales	(1,481.7)	(1,968.7)	(985.1)	(565.5)	(1,580.8)
GROSS PROFIT/(LOSS)	**683.3**	**641.9**	**1,167.0**	**1,299.3**	**317.2**
Financial income	107.1	121.1	131.0	110.3	312.3
Financial expenses	(212.3)	(114.4)	(332.2)	(465.5)	(195.4)
Interest expense	(204.7)	(103.9)	(325.1)	(458.9)	(195.2)
Results of other activities	2.5	8.3	21.8	3.0	(6.3)
Selling expenses	(78.1)	(158.2)	(120.3)	(141.1)	(7.5)
G&A expenses	(122.7)	(127.0)	(246.1)	(219.4)	(131.2)
NET OPERATING PROFIT/(LOSS)	**384.5**	**383.9**	**613.8**	**615.5**	**350.1**
Other income	4.5	11.9	34.1	12.9	2.4
Other expenses	(2.0)	(3.6)	(12.3)	(10.0)	(8.7)
Results of other activities	2.5	8,3	21.8	3.0	(6.3)
PROFIT BEFORE TAX	**387.0**	**392.3**	**635.5**	**618.5**	**343.8**
Income tax expense – current	(80.6)	(42.8)	(201.8)	(215.9)	(59.3)
Income tax expense/(benefit) – deferred	0.4	(5.3)	58.6	48.2	22.3
NET PROFIT	**306.8**	**344.1**	**492.3**	**450.8**	**306.8**

Cashflow Statement (VND bn)	2020	2021	2022	2023	2024*
Cash flow before WC changes	509.4	453.4	1,021.7	1,004.1	219.9
Interest paid	(265.5)	(132.8)	(580.3)	(406.1)	(172.2)
Tax paid	(132.1)	(99.1)	(43.1)	(181.5)	(27.5)
Changes in working capital	1,598.0	317.8	(53.8)	(1,850.4)	303.2
Others	-	-	0.0	(0.06)	-
CASH FLOW FROM OPERATING	**1,709.8**	**539.3**	**344.5**	**(1,434.1)**	**323.5**
Purchases of fixed assets	(304.6)	(89.8)	(739.7)	(63.9)	(23.3)
Dividends and interest received	32.1	86.9	78.1	70.2	152.9
Others	(52.6)	(1,208.2)	(1,273.9)	717.8	(180.4)
CASH FLOW FROM INVESTING	**(325.1)**	**(1,211.1)**	**(1,935.5)**	**724.1**	**(50.8)**
Proceeds from borrowings	1,691.0	2,107.1	1,868.3	1,228.1	3,167.7
Repayment of borrowings	(2,920.6)	(1,343.0)	(1,053.6)	(572.4)	(3,178.9)
New shares issuance	225.0	-	142.0	-	4.5
Dividend paid	-	-	-	(242.8)	-
Others	-	-	-	-	(0.0)
CASH FLOW FROM FINANCING	**(1,004.6)**	**764.0**	**956.7**	**412.9**	**(6.7)**

Source: FiinRatings, VPI
*Notes: *Unaudited figures*

APPENDIX 2: PEER COMPARISON

Exhibit 06: VPI's key indicators versus selected industry peers in 2024

	VPI	DIG	AGG	KDH	NLG	VHM*
2023						
Net Revenue (VND bn.)	1877.0	1027.5	3891.0	2093.5	3181.4	103334.1
EBITDA (VND bn.)	1141.2	286.3	706.2	1086.4	1281.3	48486.2
Total Assets (VND bn.)	12,532.7	16,888.3	9,293.4	26,418.0	28,601.6	447,360.8
Contracted sales/Inventories	14.4%	28.6%	92.4%	11.9%	23.1%	41.6%
Inventory days	3532.9	2957.9	360.1	11534.6	3634.3	623.3
Gross profit margin	69.8%	23.7%	25.1%	75.1%	49.1%	34.4%
SG&A/Revenue (%)	19.4%	19.1%	14.7%	17.6%	30.8%	7.4%
Net Profit Margin	24.7%	16.1%	11.8%	34.9%	25.2%	32.2%
EBITDA Margin	60.8%	27.9%	18.1%	51.9%	40.3%	46.9%
Debt (VND bn.)	5358.5	3111.6	1460.3	6345.8	6107.5	56683.6
Debt / Equity	1.4	0.4	0.5	0.4	0.5	0.3
Debt / EBITDA (x)	4.3	10.9	2.1	5.8	4.8	1.2
EBITDA Interest coverage Ratios (x)	2.1	0.8	8.9	1.5	2.6	15.3
2024						
Total Revenue (VND bn.)	1898.0	1314.5	1913.4	3278.6	7196.1	102045.4
EBITDA (VND bn.)	577.2	187.2	439.7	1059.1	2101.3	49832.3
Contracted sales/Inventories	1.5%	31.6%	59.4%	8.3%	18.3%	31.6%
Inventory days	1384.9	2769.2	385.8	5092.5	1564.8	651.5
Gross profit margin	16.7%	25.3%	31.0%	53.1%	42.6%	31.8%
SG&A/Revenue (%)	7.3%	16.6%	17.6%	13.1%	19.3%	8.6%
Net Profit Margin	16.2%	7.8%	13.6%	24.5%	19.2%	34.3%
EBITDA Margin	33.8%	14.2%	23.0%	32.3%	29.2%	48.8%
Debt (VND bn.)	4548.8	3849.5	1417.1	7098.1	6961.2	81292.2
Debt / Equity	0.9	0.5	0.5	0.4	0.5	0.4
Debt / EBITDA (x)	7.3	20.6	3.2	6.7	3.3	1.6
EBITDA Interest coverage Ratios (x)	2.5	0.5	2.2	1.4	4.1	6.1

Source: FiinRatings

*Notes: VPI's figures have been adjusted for capitalized interests and interest expenses and bonds; * Some companies have not released audited figures at the time of this report;*

Exhibit 07: VPI' key indicators versus industry median in 2024

		VPI			Industry median		
	Unit	2022	2023	2024**	2022	2023	2024**
Scale, scope, and diversity							
Total assets	VND bn	11,096.0	12,530.9	11,144.2	2,010.7	2,302.8	5,531.0
Net revenue	VND bn	2,152.1	1,864.8	1,898.0	494.0	466.4	504.7
EBITDA*	VND bn	1,248.2	1,264.2	640.8	133.9	164.7	183.2
Inventories	VND bn	4,573.2	6,401.2	5,594.9	524.9	1,060.4	1,252.3
Profitability							
Gross profit margin	%	54.2%	69.7%	16.7%	31.0%	36.5%	36.0%
Net Profit Margin	%	22.9%	24.2%	16.2%	17.7%	11.1%	7.3%
EBITDA margin	%	56.8%	67.8%	33.8%	30.3%	27.2%	25.2%
Operating efficiency							
ROE*	%	13.8%	11.7%	6.8%	6.9%	4.0%	2.6%
ROA*	%	4.7%	3.8%	2.6%	3.3%	1.5%	1.5%
Contracted sales outstanding/Inventories	%	11.0%	14.8%	1.5%	22.3%	16.6%	11.7%
SG&A/Revenue	%	17.0%	19.3%	7.3%	12.3%	15.6%	22.5%
Leverage							
Adjusted Debt/Equity	*times*	1.3	1.4	0.9	0.3	0.4	0.4
Adjusted Debt/EBITDA*	*times*	3.8	4.3	7.3	2.2	2.5	4.9
EBITDA/Interest expense	*times*	2.2	2.1	2.5	7.0	3.1	1.4

Source: FiinRatings, VPI

Notes: The figures for VPI have been adjusted to include capitalized interests and interest expenses and bonds.

** 12-month trailing figures ** Some companies have not released audited figures at the time of this report*

APPENDIX 3: TERMS AND DEFINITION

- Interest expense = interest expense reported + Capitalized interest + Operating lease interest expense + hybrid dividend accrual + Other adjustments
- Cash interest paid = Interest expense paid + Hybrid cash dividend
- EBITDA (reported) = Revenue - COGS- SG&A - R&D + D&A - Tax and additional expense - Other operating expenses
- EBITDA = EBITDA (reported) + Operating lease rent -Capitalized development cost + Capitalized interest + Dividend received from equity investments + Other adjustments
- EBIT = EBITDA - D&A - Operating lease depreciation + Non-operating income + Other adjustments
- FFO = EBITDA - Interest expense + interest and dividend income - Current tax + Other adjustments
- CFO = CFO reported - Capitalized interest + Operating lease depreciation - Capitalized development cost - hybrid dividend cash payment - interest paid/received + Dividends received + Other adjustments
- Capital expenditure = Capital expenditure reported - Capitalized interest - Capitalized development cost + Other adjustments
- EBITDA interest coverage = EBITDA/interest expense
- FFO interest coverage = (FFO + Cash interest paid)/ interest expense
- EBITDA Margin = EBITDA / Revenue
- Cash ratio = Cash & cash equivalents/Current liabilities
- Quick ratio = (Cash & cash equivalents + Short-term investments + Short-term receivables)/ Current liabilities
- Short-term coverage ratio: (Cash & cash equivalents + Short-term investments)/(Current liabilities – Prepayments from customers – Unearned revenue + Interest paid + Dividend paid)
- Current ratio = Current asset/ Current liabilities
- Debt/Equity = (Short-term debt + Long-term debt+ Convertible bonds)/Equity
- Total liabilities/Equity = (Short-term liabilities + Long-term liabilities)/Equity
- Debt/EBITDA (*) = (Short-term debt + Long-term debt+ Convertible bonds)/EBITDA
- Return on asset (“ROA”) = Net income/Average total assets
- Return on equity (“ROE”) = Net income/Average total equity
- Total asset turnover = Net revenue/ Average total assets
- Receivable days = Average account receivables*365/Net revenue
- Inventory days = (Average inventories +Average Long-term asset in progress) *365/Cost of goods sold
- Payables days = Average trade payables*365/Cost of goods sold
- Cash conversion cycle = Receivables days + Inventory days – Payables days
- Gross margin = Gross profit/Net revenue
- EBIT margin = EBIT/Net revenue
- EBITDA margin = EBITDA/ Net revenue
- Operating margin = Operating profit/Net revenue
- Pre-tax margin = Pretax income/Net revenue
- Net margin = Net income/Net revenue

APPENDIX 4: RATING SCALE AND DEFINITION

We employ below rating scale in assigning ratings for all issuers across industries and sectors that we cover in Vietnam. The rating scale used by FiinRatings is the national scale, therefore, it must not be equated with or represented as a rating on the scale used by any other rating agencies.

Definition and explanation	Rating scales
Group 1: **Extremely strong** capacity to meet financial obligation	**AAA**
Group 2: **Very strong** capacity to meet financial obligation	**AA+**
	AA
	AA-
Group 3: **Strong capacity** to meet financial obligations but somewhat susceptible to adverse economic conditions and changes in circumstances	**A+**
	A
	A-
Group 4: **Adequate capacity** to meet financial commitments but more vulnerable to adverse developments and economic conditions	**BBB+**
	BBB
	BBB-
Group 5: **Moderate capacity** to meet financial obligations but less vulnerable than other speculative issuers	**BB+**
	BB
	BB-
Group 6: **Weak capacity** to meet financial obligations. Sensitive to business, financial and economic conditions. High risk.	**B+**
	B
	B-
Group 7: **Very weak** capability or very likely to get into default. Very sensitive to business, financial and economic conditions. Substantial risk.	**CCC+**
	CCC
	CCC-
	CC
	C
Group 8: **Default**. Payments on an obligation are not made on the date due or the issuer becomes insolvent. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action.	**SD, D**

APPENDIX 5: RATING METHODOLOGY

The rating methodology explains FiinRatings approach to assessing credit risk of companies in Vietnam. This methodology is intended as a general guidance to help companies, investors, and other market participants to understand how FiinRatings looks at quantitative and qualitative factors significant in explaining rating outcomes in general and specific for each sector that we cover.

In addition, certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please follow the link below for the Rating Methodology and Related Criteria:

- Corporate Rating Methodology

Or refer to the following link for more details on the general rating methodology:

- General Rating methodology

APPENDIX 6: CREDIT RATING HISTORY

Van Phu - Invest Investment Joint Stock Company		
Issuer Credit Rating History		
20 April 2022	*Initial Ratings*	*Issuer Rating:* ***BB+*** *Outlook:* ***Stable***
23 November 2022	*Surveillance*	*Issuer Rating:* ***BB+*** *Outlook:* ***Stable***
14 July 2023	*Surveillance*	*Issuer Rating:* ***BB+*** *Outlook:* ***Negative***
29 April 2024	*Surveillance*	*Issuer Rating:* ***BB+*** *Outlook:* ***Stable***
21 October 2024	*Surveillance*	*Issuer Rating:* ***BB+*** *Outlook:* ***Stable***
3 March 2025	*Surveillance*	*Issuer Rating:* ***BB+*** *Outlook:* ***Stable***

OWNERSHIP DISCLOSURE AND STATEMENTS

At the time of the publication, the following information is provided as required by current regulations and as a part of our compliance policies in providing credit ratings:

- VPI's percentage of equity ownership at FiinRatings: *none*
- FiinRatings' percentage of equity ownership at VPI: *none*
- FiinRatings' other employee percentage of equity ownership at VPI: *none*
- VPI's investment value of bond(s) issued by FiinRatings: *none*
- FiinRatings' investment value of bond(s) issued by VPI: *none*
- VPI's investment value of other debt instruments issued by FiinRatings: *none*
- FiinRatings' investment value of other debt instruments issued by VPI: *none*

FiinRatings aforementioned includes Credit Rating Agency (FiinRatings JSC.), its directors, Credit Rating Committee members, and analysts of FiinGroup engaged in this rating action. The information above was examined during client acceptance process and before the signing date of Credit Rating Agreement with the Company and was updated on the issue date of this report.

FiinRatings maintain a strict independence policy to meet current regulations in providing credit rating services in Vietnam as well as to comply with our conflicts-of-interest policy and to ensure the objectivity and independence in giving opinion on our credit ratings. Accordingly, personnel directly participated in credit rating are not allowed to own or to execute any transactions of securities, shares or debt instruments issued by the Company once FiinRatings has established a credit rating relationship.

FiinRatings Joint Stock Company

Credit Rating Report No. 06-C08-2024

Nguyen Quang Thuan, FCCA

Chief Executive Officer

Hanoi, 3 March 2025

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