HANG XANH MOTORS SERVICE JSC (HSX: HAX)

Regaining Growth Momentum with a Boost from MG

Amid the subdued landscape of the auto sector post-Covid-19, HAX has identified MG as a "beacon" to re-enter the growth phase lost from MBZ in 2024. However, the gradual decline in benefits derived from MG is expected to slow HAX's NPAT growth momentum over time.

- ***Automotive distribution and after-sales services from Mercedes-Benz (MBZ)***
  - *The luxury car market has remained subdued since Covid-19, driven by domestic economic factors such as disposable income, consumer confidence, related taxes and fees, and transportation infrastructure, which have yet to see significant improvements. The market is projected to achieve a 2025-29 CAGR of 6-8%/year.*
  - *Mercedes-Benz's (MBZ) market share has declined sharply, dropping from 3.0-4.0% during 2018-20 to 0.8% in 2024, due to the rise of mass-market brands from China (MG) and domestic players (VinFast), coupled with MBZ's reduced focus on Vietnam. As a result, MBZ's market share will remain low at 0.8% in 2025-29.*
  - *HAX's distribution market share within MBZ is projected to gradually decrease from a high of 32.0% in 2024 to 27.6% by 2029, as MBZ establishes its own distribution subsidiary in Vietnam. Conversely, HAX's profit margin related to MBZ is anticipated to recover modestly, rising from 1.9% in 2024 to 2.0% by 2029, driven by a strategic emphasis on expanding MBZ's after-sales services in the coming years.*
- ***Automotive distribution and after-sales services from Morris Garages (MG)***
  - *Holding the leading distributor position (30-35% market share), HAX has maximally benefited from SAIC Motor's aggressive push into the Vietnamese market during its third re-entry, with MG's market share surging in 2024 (+219 bps YoY). This growth is projected to continue, reaching 5.0% by 2029, driven by MG's sustained low-price strategy, diverse product offerings, and robust showroom expansion.*
  - *HAX also achieves an MG segment profit margin (6.0%) significantly above the industry average (2.0%) in 2024, fueled by substantial support from MG, including subsidies for dealership construction and low-cost vehicle imports. However, this advantage is expected to gradually diminish as MG becomes more established in Vietnam and enters a capital recovery phase for its parent company, leading to a projected decline in the MG segment profit margin to 3.0% by 2029.*

We forecast that the business performance in 2025 will maintain its growth momentum, with the NPAT-MI reaching VND 137 bn (+9.5% YoY). This corresponds to EPS of VND 1,274. In the long term, NPAT-MI is projected to achieve a 2025-29 CAGR of 4,4%/year, or VND 163 bn in 2029.

Utilizing a combined valuation approach of Sum of the Parts (SoTP) (incorporating DCF for the automobile distribution and book value for the 6-hectare land asset) and P/E method, weighted equally at 50:50, we estimate HAX's fair value for the next 12 months at **VND 16,200 per share**.

Risks

- *The potential for an increase in HAX's stock price stems from the possible transfer of the 6haland parcel located at Vo Van Kiet, Binh Tan District, Ho Chi Minh City. Currently, we are using the book value of this asset to determine the fair value of the stock, which may undervalue its market potential.*
- *The risk of a decline in HAX's stock price arises from weakening consumer confidence in non-essential goods amid macroeconomic uncertainties caused by tariffs. Additionally, HAX's benefits tied to its subsidiary PTM, which distributes MG vehicles, may diminish, further weighing on performance.*

Key financial ratios

Y/E Dec (VND bn)	FY2022	FY2023	FY2024	FY2025F	FY2026F	FY2027F
Net revenue	6,775	3,982	5,513	6,772	7,589	8,576
%change	*22.0%*	*-41.2%*	*38.5%*	*22.8%*	*12.1%*	*13.0%*
EBITDA	304	117	257	309	345	370
PAT	239	34	125	137	143	155
% change	*49.9%*	*-85.9%*	*269.9%*	*9.5%*	*4.3%*	*8.3%*
Net margin (%)	3.5%	0.8%	2.3%	2.0%	1.9%	1.8%
ROA (%)	9.3%	1.7%	5.2%	5.4%	5.4%	5.5%
ROE (%)	25.9%	3.0%	10.4%	11.1%	11.3%	12.0%
Basic EPS (VND)	4,203	362	1,163	1,274	1,329	1,439
Book value (VND)	16,199	11,935	11,201	11,474	11,707	12,003
Cash dividend per share (VND)	500	632	337	1,000	1,096	1,143
P/E (x)	3.8	38.4	14.6	11.0	10.5	9.7
P/BV (x)	1.0	1.2	1.5	1.2	1.2	1.2

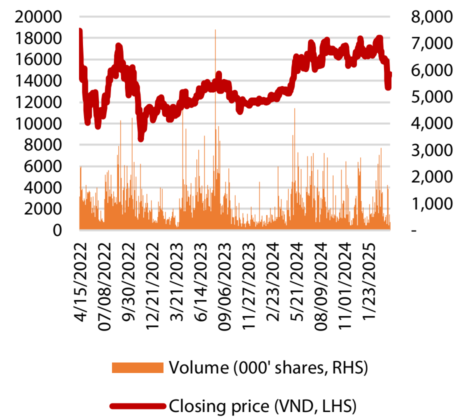
Source: HAX, RongViet Securities. Based on the closing price on April 10th, 2025.

ACCUMULATE

Market price (VND)	14,400
Target price (VND)	16,200
Expected cash dividend next 1 year (VND)	*1,000*

Stock Info

Sector	Auto & Spare parts
Market Cap (VND Bn)	1,569
Share O/S (Mn)	107.44
Beta	0.93
Free Float (%)	50.0
52 weeks high	18,000
52 weeks low	12,800
Average trading volume (20 sessions)	972.7



Performance (%)

	3M	1Y	2Y
HAX	-11.8	11.0	18.6
VN30 Index	-0.7	0.9	16.6
VN-Index	1.0	6.7	23.3

Major shareholders (%)

Couple of Mr. Dung, Do Tien	34.0%
PYN Fund Management Oy	5.7%
Other members	5.2%
AFC VF Limited	5.1%
Others	50.0%
Remaining Foreign Room (%)	26.2%

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VALUATION

Valuation of Core Business Segment – Automotive Distribution

Long-Term Valuation Using the Free Cash Flow to the Firm (FCFF) Method

DCF Assumptions	Value	Valuation summary	Unit: VND bn
WACC 2025	12.1%	DCF forecast time	5 years
Effective tax rate	20.0%	Discountable Free Cash Flow	2,149
Cost of Equity	14.1%	+ Cash & Equity at Valuation Date	265
Risk-free rate	3.0%	- Debt & Minority of Interest	957
Equity risk premium	12.0%	Equity Value	1,457
Beta	0.93	Number of Outstanding Shares (mn shares)	104.44
Exit EV/EBITDA	6.0x	Equity Value per Share (VND)	13,561

Table 1: Sensitivity scenario for HAX's Equity Value per Share (VND)

		Exit EV/EBITDA						
		3.0	4.0	5.0	6.0	7.0	8.0	9.0
WACC	9.1%	6,774	9,101	11,428	13,755	16,082	18,408	20,735
	10.1%	6,305	8,528	10,751	12,974	15,197	17,420	19,643
	11.1%	5,858	7,983	10,108	12,233	14,358	16,483	18,608
	12.1%	5,433	7,465	9,497	11,529	13,561	15,592	17,624
	13.1%	5,029	6,972	8,916	10,860	12,803	14,747	16,690
	14.1%	4,643	6,503	8,363	10,223	12,083	13,943	15,803
	15.1%	4,276	6,057	7,837	9,618	11,398	13,179	14,959

Short-Term Valuation Using the Comparison Method

We also conducted a valuation for HAX using the comparison method (PE). A detailed description of the comparison valuation method is as follows:

Company	Market cap	2023 Net revenue	2023 EBITDA	Gross margin	Net margin	2024 P/E	2024 EV/EBITDA
Zhongsheng (China)	4,254	25,319	1,426	7.7	2.8	6.3	5.2
China Grand Automotive Services Group (China)	908	19,488	731	8.3	0.3	15.6	14.0
Inchcape PLC (UK)	3,799	11,838	883	17.3	4.5	11.6	5.2
PT Indomobil Sukses Internasional Tbk (Indonesia)	223	1,897	269	20.4	2.2	5.7	10.3
AutoNation, Inc. (US)	6,734	26,765	1,613	17.9	2.6	14.0	9.3
Group 1 Automotive (US)	5,613	19,934	1,062	16.3	2.5	11.6	10.2
Haxaco (Vietnam)	70	221	13	9.3	2.3	14.1	9.8
5Y-median pure auto distributor (2019-2024)						**12.4**	**10.4**

Investors can refer to the HAX valuation sensitivity table and PE ratio below, selecting an appropriate valuation for HAX based on their risk appetite.

Table 2: Sensitivity Table for HAX's Equity Value per Share (VND)

			P/E								
			8.4	9.4	10.4	11.4	12.4	13.4	14.4	15.4	16.4
EPS (VND)	2025	1,274	10,655	11,929	13,203	14,478	15,752	17,026	18,300	19,574	20,848
	2026	1,329	11,112	12,440	13,769	15,098	16,427	17,755	19,084	20,413	21,741

Valuation of the 6-Hectare Vo Van Kiet Land Plot

In addition to its core business of automobile distribution, HAX also owns a 6-hectare land plot located on Vo Van Kiet Street, Binh Tan District, HCMC. Investors can refer to detailed information about this 6-hectare land plot, which we have presented in APPENDIX 2. (Refers to page 31)

Currently, due to the lack of a firm basis for anticipating transactions in the near future, we have used the book value to determine the fair value of HAX.

This land plot could potentially be transacted at a higher market value in the medium to long term, representing an upside risk to HAX's target price. Investors can refer to the sensitivity table below, which outlines the contribution of the land plot's valuation to each HAX share and the market sale price (VND mn/m^2). Based on their risk appetite, investors can select an appropriate valuation for this land plot.

Market value (VND mn/m2)	110	130	150	170	190
Contribution to HAX (VND/share)	**6,010**	**7,180**	**8,349**	**9,519**	**10,689**

Valuation Summary for HAXACO

Table 3: HAX's valuation summary

Method	Contribution	Target price (VND/share)
Long-term valuation by SoTP method = (a)+(b)	**50%**	**16,574**
DCF for auto distribution (5 years, WACC: 12.1%, EVEBITDA: 6.0x) (a)		*11,529*
Book value for Vo Van Kiet land plot		*5,045*
Short-term valuation by P/E method (12.4x, EPS 2025F)	**50%**	**15,750**
Tổng HAX	**100%**	**16,163**

Combining the long-term Sum-of-the-Parts (SoTP) method and the short-term Price-to-Earnings (PE) method with a 50:50 weighting**, the target price for HAX shares over the next year is determined to be 16,200 VND/share. Based on the closing price on 16/04/2024**, we recommend a **ACCUMULATE** stance for HAX shares.

Below, we present the key aspects of HAX shares, supporting our valuation above, organized into the following sections:

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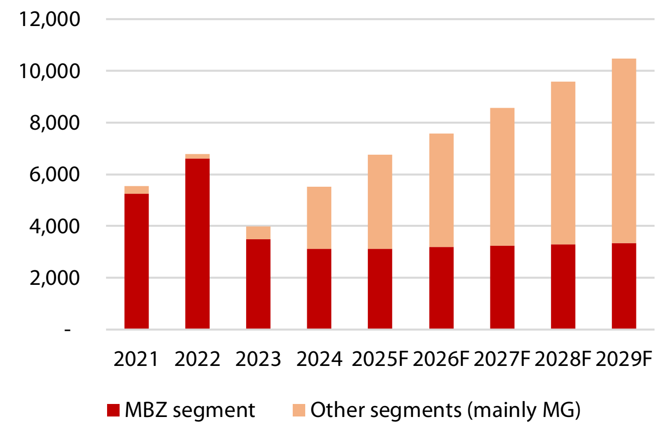
FINANCIAL ANALYSIS & FORECAST IN 2025-29

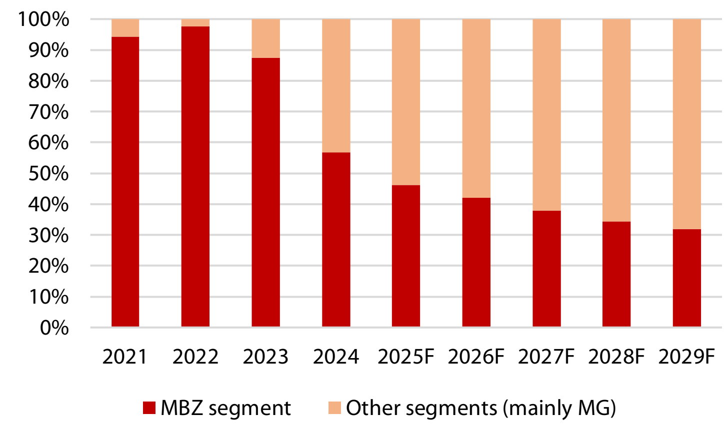
Revenue: *HAX is actively seeking to revitalize its growth engine, with a focus on MG, as its long-standing core segment (MBZ) experiences a gradual decline. This strategy is showing positive developments.*

Figure 1: HAX's net sales (VND bn)



Source: HAX, RongViet Securities

Figure 2: HAX's revenue contribution by segment (%)



Source: HAX, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix 3 *(Refers to page 32)*

Regarding the revenue forecast for the period 2025-29, we outline the following assumptions:

Mercedes-Benz (MBZ): During the period from 2014 to 2022, HAX benefited from a confluence of three key drivers: the expansion of the automotive industry from a low base → the growth of MBZ's market share, driven by being one of the five pioneers to establish a presence and set up a manufacturing plant in Vietnam → the partnership between SAMCO and MBZ, which positioned HAX as the leading distributor for MBZ over an extended period (capturing 30-40% of the distribution market share). This enabled HAX to achieve a 2014-22 CAGR of 23.8%/year in vehicle sales revenue. Additionally, HAX's development of a robust value chain ahead of the Vietnamese automotive market's growth phase, particularly through aftersales services, allowed HAX to "digest additional growth" from the MBZ ecosystem, with the aftersales segment recording a revenue 2014-22 CAGR of 20.4%/year (Refers to page 16). However, from 2022 to 2024, the automobile industry faced a downturn following the Covid-19 pandemic, coupled with MBZ's lack of prioritization for the Vietnamese market and limited support for HAX. As a result, HAX's MBZ segment experienced negative growth in line with the brand, with vehicle sales declining at a CAGR of -33.8%/year and aftersales at -5.6%/year during this period (Refers to page 16). We expect this trend to continue in the long term, with MBZ's contribution to HAX's total revenue projected to gradually decline to 32.0% by 2029 from 56.7% in 2024. Nevertheless, the revenue CAGR 2024-29 for the MBZ segment is estimated at 1.4%/year, surpassing the 2022-24 average, driven by a recovering automotive market, MBZ's strategy to maintain a low but stable market share without further erosion (0.7%), and expectations that HAX will bolster growth in MBZ's aftersales segment once the vehicle sales segment reaches its limits. (Refers to page 20)

Morris Garages (MG): Although HAX began its partnership with MG in 2020, the MG segment officially became a "golden goose" for HAX starting in 2024, as MG spearheaded the wave of Chinese automobiles entering Vietnam with more aggressive development strategies and a deepened collaboration with HAX. This drove MG's revenue growth to an impressive 375%/year in 2024 (Refers to page 25). For the 2025-29 period, we expect MG to further expand its foothold in the Vietnamese market, as the "strategic tools" behind its 2024 success—such as competitive pricing, showroom network expansion, close distributor partnerships, and a still-low market share (3.4%)—remain intact. Additionally, HAX plans to strengthen MG's aftersales services from 2025 onwards, leveraging stabilized staffing and operational processes at 8 of the 11 new showrooms opened in H2-2024. Consequently, we project that the MG segment's contribution to HAX's total revenue will rise to 68.0% by 2029, up from 43.3% in 2024. (Refers to page 25)

Vinfast, Nissan: Given their negligible contribution to HAX's business performance over the past five years and the absence of signals indicating a push to strengthen the distribution network for these brands, we have excluded the potential of these two brands from HAX's revenue projections for the 2025-29 period. (Refers to page 27)

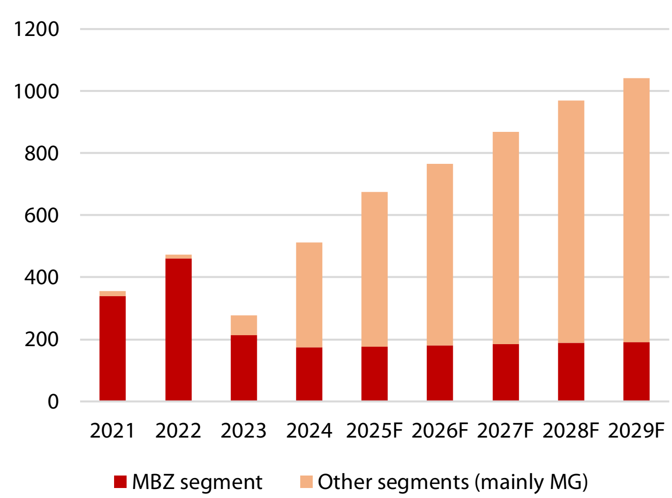
Cost structure: *The medium-term trend indicates a contraction in profit margins due to the gradual reduction of support from MG (e.g., showroom construction costs and discounted vehicle import prices), while support from MBZ remains at low levels. Additionally, HAX will need to gradually ramp up discounts over time to compete with same-brand showrooms and those of other brands, reflecting an inevitable industry trend. Consequently, we estimate that HAX's net margin could decline by ~1.6% over the next five years.*

Gross margin & other income (two factors related to brand support)

Mercedes-Benz (MBZ): MBZ has proactively reduced distributor benefits post-Covid-19 (2022-24), including lowering gross margin support on vehicle sales from 5.0-6.0% to 3.0% and cutting KPI bonuses, recorded as other income (% of net revenue decreased from 2.0-3.0% to 0.1%) (Refers to page 20). We forecast these metrics to remain unchanged for 2025-29 in our base case, as MBZ has not shown any serious intent to re-engage with the Vietnamese market or its distributor network. The only positive note is the increasing revenue share from the after-sales segment (with the highest gross margin), driven by HAX's "strategic direction" for its MBZ showroom network, which slightly boosts MBZ's overall gross margin from 5.57% in 2024 to 5.72% in 2029. (Refers to page 21)

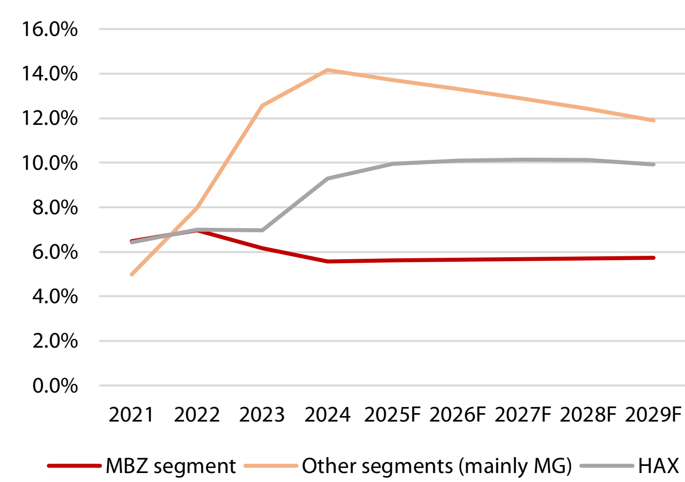
Morris Garages (MG): During the initial market development phase in Vietnam (2023–2024), Haxaco (HAX) received substantial support from MG, including a high gross margin in vehicle sales (14.0%) and showroom construction subsidies recorded as other income (VND 4–5 bn/showroom) (Refers to page 25). However, we believe these incentives will decline over the medium term, as MG is expected to gradually scale back distributor privileges once its strategic objectives—such as brand positioning and consumer awareness—have been achieved, shifting focus toward profitability. Specifically, HAX's gross margin on the vehicle sales segment is forecast to decrease from 13.8% in 2024 to 11.4% by 2029, although still above the industry average. Meanwhile, support for showroom construction is expected to fall from VND 56 bn in 2024 (equivalent to 11 new showrooms) to VND 20 bn in 2025 (4 showrooms), and further decline to an average of VND 5 bn annually (1 showroom per year) during 2026–29 (Refers to page 27). A noteworthy offsetting factor is the operational stabilization of MG showrooms and the rising number of MG vehicles in circulation, which should enable HAX to increase its after-sales gross margin from 12.5% in 2024 to 17.5% in 2029. This will help cushion the decline in MG's overall gross margin, which is forecast to contract from 14.2% in 2024 to 11.9% by 2029.

Figure 3: HAX's gross profit (VND bn)



Source: HAX, RongViet Securities

Figure 4: HAX's gross margin (%)



Source: HAX, RongViet Securities

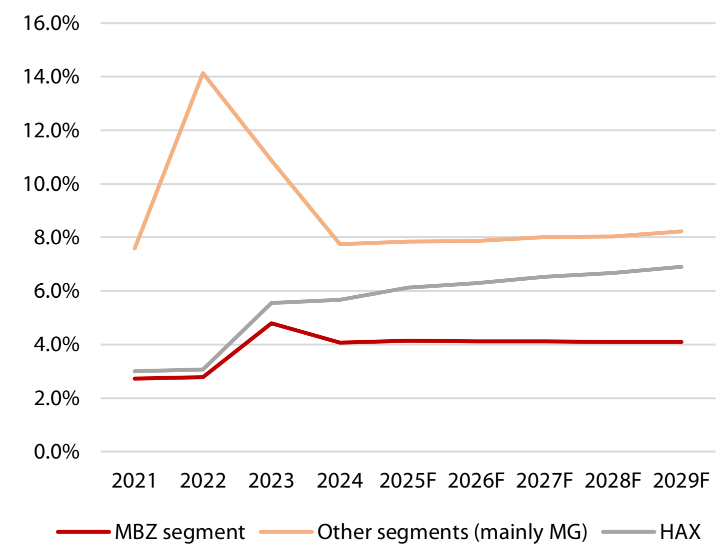
Note: We also visualize these data using table formality. More information in our Appendix 3. (Refers to Page 32)

SG&A expenses

The ratio of selling and general administrative expenses (SG&A) to net revenue increased during the post-COVID period (2021–2024), driven by sluggish MBZ sales and a sharp rise in MBZ discounting to offload inventory and enhance competitiveness. In response, HAX also had to increase its own discounting, along with higher staff compensation to support the development of its newly launched MG product line. Looking ahead, we forecast this ratio will rise by an average of 0.2–0.4%/year, reaching 6.9% by 2029, up from 5.7% in 2024. This increase reflects HAX's ongoing need to maintain its market share in the distribution of both MBZ and MG, amid intensifying competition in the Vietnamese auto market, particularly with the recent entry of several Chinese and U.S. automakers over the past two years.

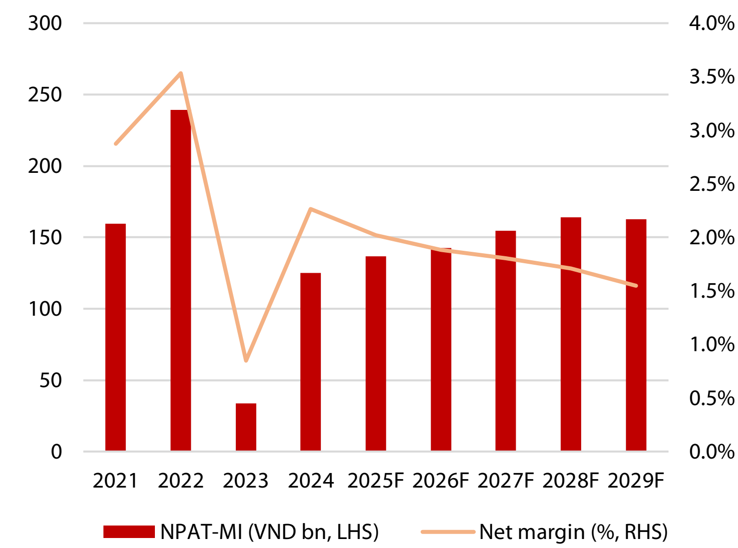
Net margin: In line with the previously discussed trends in gross margin and rising promotion/discount costs, we expect HAX's overall net margin to gradually decline from 2.3% to a range of 1.6–2.0% over the 2025–29 period. This level would be broadly consistent with automotive distribution industry benchmarks.

Figure 5: HAX's SG&A expenses/Net sales (%)



Source: HAX, RongViet Securities

Figure 6: HAX's net income & net margin



Source: HAX, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix 3. (Refers to page 33) (Refers to page 33)

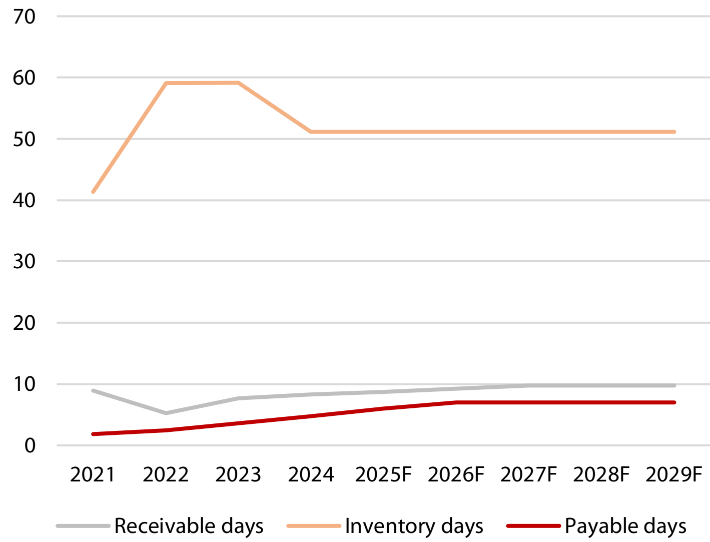
Asset highlights

Working capital: *The COVID-19 period marked a challenging phase for HAX in managing MBZ's working capital, as unsold inventory levels rose sharply. This was due to a significant decline in consumer demand for moving and luxury goods—particularly premium vehicles like MBZ. Post-COVID, HAX has stabilized MBZ inventory days to align with industry norms (40–50 days). However, in order to stimulate demand, the company loosened its receivables policy. On the other hand, HAX benefited from improved payment terms with MBZ, with payables days increasing from 2 to 7–10 days—now in line with the industry average.*

For the MG segment, which completed its first full year of operations in 2024, HAX has maintained healthy working capital metrics. Inventory and payables days are also within industry benchmarks (40–50 days and 7–10 days, respectively). Notably, receivables days are relatively high at 20 days, reflecting an aggressive credit policy aimed at attracting customers during MG's market entry phase.

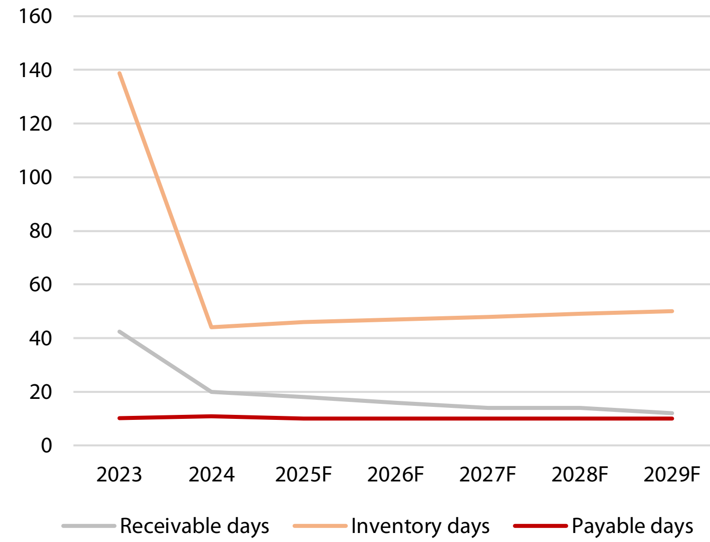
Over the 2025–2029 period, we expect HAX to maintain its current working capital management practices for both MBZ and MG, as they remain consistent with industry standards. The exception lies in MG's receivables days, which are projected to decline gradually from 20 days to the industry norm of 8–10 days, in line with a phase-out of early-stage customer incentives—mirroring MG's strategy of reducing distributor benefits such as those previously offered to HAX.

Figure 7: MBZ's Projected efficiency ratios (days)



Source: HAX, RongViet Securities

Figure 8: MG's Projected efficiency ratios (days)



Source: HAX, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix 3. *(Refers to page 33)*

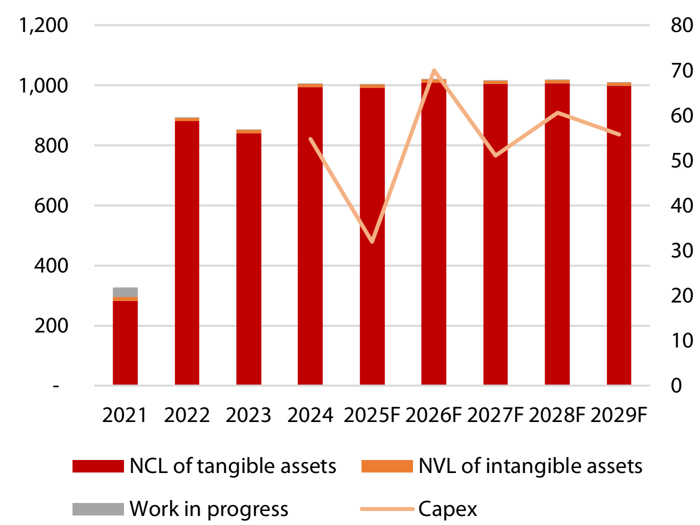
Fixed asset investment (Capex): *Under the auto distribution model, recurring capital expenditures for maintenance and replacement of machinery are essential, alongside showroom construction expenses driven by the distributor's and automaker's expansion plans. We forecast HAX's net fixed assets to reach VND 1,010 bn by the end of Dec-2029, up slightly from VND 1,005 bn at the end of Dec-2024.*

In line with our showroom expansion assumptions for the MG segment, HAX is expected to invest VND 20 bn in 2025 and an average of VND 5 bn per year during 2026–2029. Meanwhile, the MBZ segment is not projected to incur any showroom-related capital expenditure over the medium term, as there are no new openings planned in Vietnam.

In addition, HAX is expected to reinvest VND 30–50 bn annually in machinery replacement and maintenance to support stable revenue growth throughout the 2025–29 period.

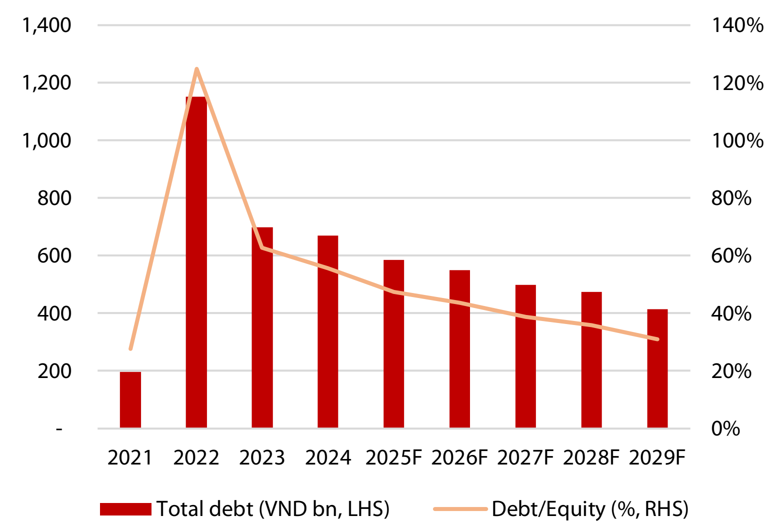
Debt: We believe that ongoing improvements in cash conversion cycles, combined with limited capital outlays for new showroom expansion, will allow HAX to gradually reduce outstanding debt and interest expenses. As a result, we project the ratio of interest expense to net revenue to remain low, in the range of 0.1%–0.3% during the 2025–29 period.

Figure 9: HAX's fixed assets (VND bn)



Source: HAX, RongViet Securities

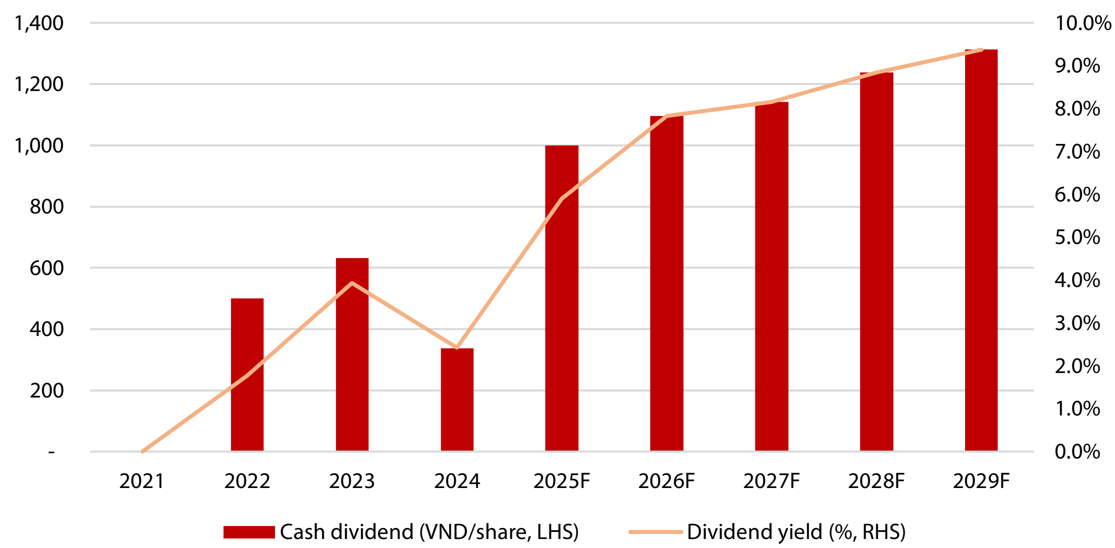
Figure 10: HAX's total debt (VND bn)



Source: HAX, RongViet Securities

Cash dividend policy: HAX has maintained a consistent cash dividend policy over the years, with annual payouts ranging from VND 300–500 per share during the challenging post-COVID period, and up to VND 1,500 per share during more favorable pre-COVID years. This translates into a dividend yield of approximately 3.0%–4.0% per annum, which is relatively attractive compared to the average bank deposit rate of 3%–5% per annum. We expect HAX to continue distributing 80%–90% of its annual net profit as cash dividends in 2026, in line with the 2025 payout, as business performance gradually improves—particularly supported by growth in the MG segment. As such, HAX appears well-suited for a dividend-focused investment strategy, at least over the near term (2025–26).

Figure 11: HAX's cash dividend (VND)



Source: HAX, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix 3. *(Refers to page 33)*

Table 4: HAX's income statement (VND bn)

INCOME STATEMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Net sales	5,551	6,775	3,982	5,513	6,772	7,589	8,576	9,584	10,483
COGS	5,195	6,302	3,705	5,001	6,098	6,824	7,707	8,615	9,442
Gross profit	357	473	277	512	674	765	869	969	1,041
Selling and GA expenses	166	208	221	312	415	477	560	640	723
Other operating expenses	0	0	0	-	-	-	-	-	-
EBITDA	230	304	117	257	309	345	370	393	387
EBIT	190	265	56	200	259	288	309	329	317
Non-operating expenses	0	0	1	0	0	0	0	0	0
Gain/loss on asset sales	29	40	29	81	50	33	34	34	34
Finance income	1	24	1	1	-	-	-	-	-
Finance expenses	18	29	37	23	19	18	16	16	14
EBT	202	300	47	258	289	303	327	347	338
Corporate tax expenses	42	60	11	55	58	61	65	69	68
Equity earnings in affiliates	-	-	-	-	-	-	-	-	-
Minority interest in earnings	(0)	0	2	79	95	100	107	113	108
NPAT-MI	160	239	34	125	137	143	155	164	163

Source: HAX, RongViet Securities

Table 5: HAX's balance sheet (VND bn)

BALANCE SHEET	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
ASSET									
Operating cash	88	160	120	262	262	262	262	262	262
Short-term investment	-	-	-	3	3	3	3	3	3
Short-term receivables	249	260	213	340	302	320	336	371	368
Inventories	581	1,065	696	661	810	913	1,040	1,175	1,303
Other current assets	18	101	43	50	50	50	50	50	50
Current assets	**936**	**1,586**	**1,072**	**1,316**	**1,426**	**1,547**	**1,691**	**1,860**	**1,986**
Tangible fixed assets	282	881	841	993	991	1,009	1,004	1,006	997
Long-term investment	-	-	-	-	-	-	-	-	-
Intangible fixed assets	12	11	11	11	11	11	11	10	10
Other non-current assets	41	90	78	83	83	83	83	83	83
Non-current assets	**341**	**993**	**935**	**1,093**	**1,091**	**1,109**	**1,105**	**1,106**	**1,097**
Total assets	**1,277**	**2,579**	**2,006**	**2,409**	**2,518**	**2,656**	**2,796**	**2,966**	**3,083**
LIABILITIES									
Short-term debts	196	1,152	700	670	585	549	499	474	415
Trade payables	26	77	45	99	135	162	186	210	233
Other current liabilities	342	197	95	149	183	205	231	259	283
Current liabilities	**563**	**1,425**	**839**	**918**	**902**	**916**	**917**	**943**	**930**
Long-term debts	-	-	-	-	-	-	-	-	-
Other non-current liabilities	4	185	3	1	1	1	1	1	1
Non-current liabilities	**4**	**185**	**3**	**1**	**1**	**1**	**1**	**1**	**1**
Total liabilities	**567**	**1,610**	**842**	**918**	**903**	**917**	**917**	**944**	**931**
MINORITY INTEREST									
Minority interest	2	47	49	287	382	482	589	702	810
SHAREHOLDER'S EQUITY									
Common stock	495	569	934	1,074	1,074	1,074	1,074	1,074	1,074
Retained earnings	212	352	150	129	158	183	215	246	268
Other equity accounts	1	1	31	-	-	-	-	-	-
Total shareholder's equity	**708**	**922**	**1,115**	**1,203**	**1,233**	**1,258**	**1,290**	**1,321**	**1,342**
Total resources	**1,277**	**2,579**	**2,006**	**2,409**	**2,518**	**2,656**	**2,796**	**2,966**	**3,083**

Source: HAX, RongViet Securities

CORPORATE VALUE CHAIN ANALYSIS

Company Overview

Hang Xanh Motors Service JSC (HAX) was established in 1992, originally operating as a car showroom and repair workshop (SAMCO3), under the Saigon Automobile Mechanical Company—now known as the Saigon Transportation Mechanical Corporation (SAMCO). Leveraging SAMCO's long-standing partnership with Mercedes-Benz AG Group (MBZ) (*), HAX became the official and largest MBZ distributor in Vietnam in 2004, capturing a 30–40% market share in MBZ car distribution. From 2013 to 2022, MBZ served as the main growth engine for HAX, driving impressive CAGR in revenue and net profit of 29.0% and 66.0%, respectively. Currently, HAX operates five MBZ showrooms located in Hanoi, Ho Chi Minh City, and Can Tho.

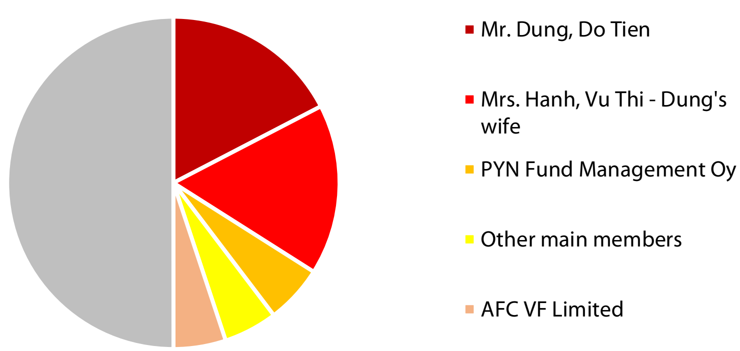
(*) Mercedes-Benz Vietnam Co., Ltd. is a joint venture between SAMCO (30% equity) and Mercedes-Benz AG Group (70% equity)

However, post-COVID (since 2021), Vietnam's auto market has entered a deceleration phase, further compounded by MBZ's reduced strategic focus on Vietnam — evidenced by the halt in showroom expansion and cuts to distributor incentives. As a result, HAX posted a sharp 85.6% YoY decline in net profit in 2023. With both the industry backdrop and MBZ's stance remaining unchanged, the emergence of MG marked a strategic turning point for HAX, positioning the company for a new growth cycle starting in 2024. As of now, HAX has expanded its MG distribution network to 14 showrooms nationwide.

(*) In Q3-2023, HAX upgraded its relationship with MG to Tier-1 distributor status (from Tier-2), following SAIC Motor's decision to terminate its previous partnership with Tan Chong (Jul-2023) and directly assume exclusive distribution of MG cars in Vietnam. HAX stands to benefit significantly from SAIC Motor's increased commitment to the Vietnamese market.

Since SAMCO fully divested from HAX in 2016 and exited the management team, Mr. Dung, Do Tien — who joined the Board of Directors in 2013 and is currently the CEO—became the largest shareholder and assumed the role of Chairman. HAX's current shareholder structure is highly concentrated, with internal shareholders accounting for approximately 39%. While this alignment strengthens management's incentive to drive long-term growth, it also increases the stock's sensitivity to trading activities by major shareholders.

Figure 12: HAX's major shareholders



Source: HAX, RongViet Securities

From an organizational structure perspective, HAX owns four subsidiaries, all operating within the automotive distribution and after-sales value chain. These entities are consolidated into Haxaco's financial statements and have longstanding relationships with Mr. Dung, Do Tien throughout his tenure with the company.

The most notable subsidiary is PTM JSC (Production, Trading & Services), a car dealership where Mr. Dung previously served as Chairman of the Board. In 2023, HAX designated PTM as the core platform for developing MG's showroom network in collaboration with SAIC Motor. As a strategic move tied to this new milestone, HAX reduced its ownership in PTM from 98.3% to 51.6% in early 2024 to clearly separate interests between the MBZ business (distributed directly by the parent company) and the MG segment.

Table 6: Statistics of HAX's subsidiaries and joint-ventures

Company	HAX's ownership rate as of December 31, 2024	Status	Business
Cantho Automobile Mecanical JSC	85.89%	Operating	• Authorized dealership for the purchase and sale of automobiles and various spare parts; • Services for repair, maintenance, and warranty of all types of automobiles.
PTM Automobile Service, Trading And Manufacturing JSC	51.62%	Operating	• Wholesale and retail of automobiles and other motor vehicles; sale of automotive spare parts and auxiliary components for automobiles and other motor vehicles; • Maintenance and repair services for automobiles and motorcycles.
West Transprovincial Bus And Service JSC	62.11%	Operating	• Dealer of Nissan and MG branded automobiles; • Repair, warranty, and maintenance services for vehicles with 16 seats or fewer, along with trading in automotive spare parts; • Financial investment.
An Thai JSC (*)	32.51%	Operating	• Repair and warranty services for automobiles and motor vehicles (no on-site mechanical machining); • Trading of spare parts and auxiliary components for automobiles, motor vehicles, engine machinery, automotive interior decoration items, and agricultural equipment and supplies (excluding plant protection chemicals); • Manufacturing of motor vehicle bodies, trailers, automotive spare parts, mechanical equipment, and construction materials (not produced at the headquarters); • Contract-based passenger transportation services by automobile; • Domestic and international travel agency services; leasing of warehouses, storage yards, factories, offices, and residential properties.

Source: HAX, RongViet Securities. (*) An Thai JSC is an indirect second-tier subsidiary through the first-tier subsidiary, West Transprovincial Bus And Service JSC (holding 52.35% voting rights in An Thai JSC).

Table 7: Statistics on PTM's private share issuances in 2024

Period	Charter capital (VND bn)	HAX's ownership rate	Note
12/31/2023	42	98.3%	
6/30/2024	80	51.6%	PTM issued an additional batch in H1-2024 for other shareholders, , with a total of 3,870,297 shares.
9/30/2024	160	51.6%	PTM issued additional shares at a 1:1 ratio in Jul-2024 for existing shareholders at a price of VND 10,000 per share, with HAX subscribing to the entire offering.
12/31/2024	320	51.6%	PTM issued additional shares at a 1:1 ratio in Q4-2024 for existing shareholders at a price of VND 10,000 per share, with HAX subscribing to the entire offering.

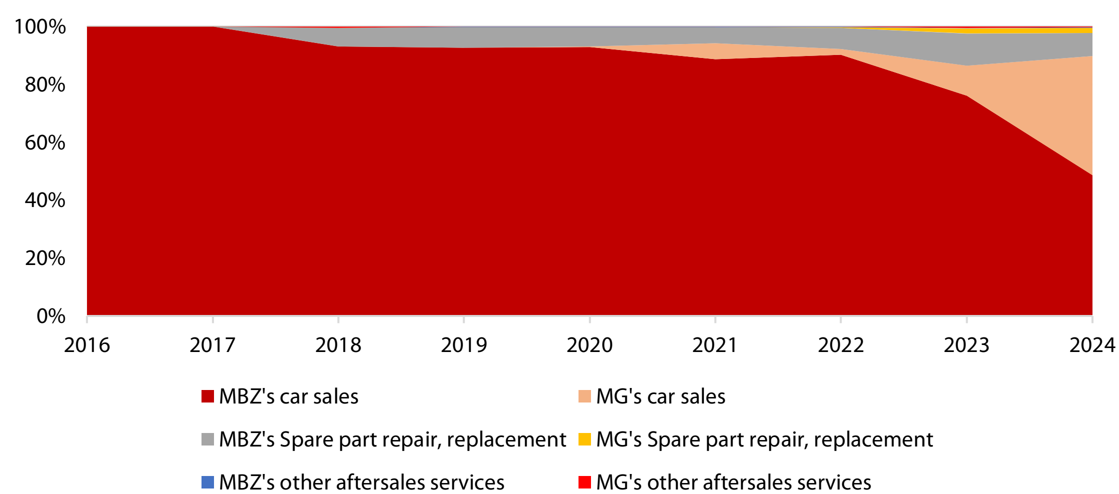
Source: HAX, RongViet Securities

Core business

Shifts in HAX's revenue composition clearly reflect the company's development trajectory, as outlined below:

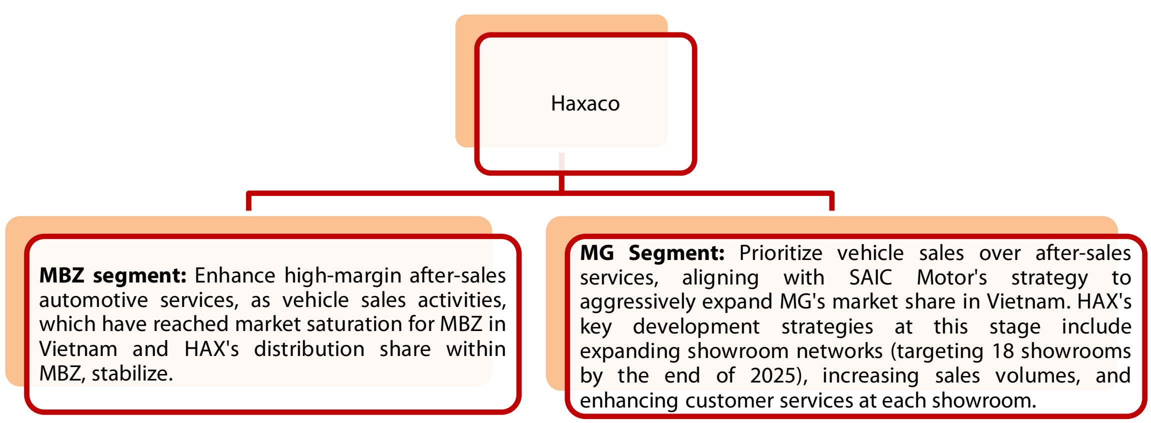
- **2008–23:** Mercedes-Benz (MBZ) served as the long-term growth pillar, accounting for 80–95% of total revenue. Revenue streams were primarily derived from new and used vehicle sales, parts replacement and repair services, and after-sales offerings such as maintenance, insurance, car rental, and hospitality services.
- **2023–24:** MG emerged as the new growth driver, gradually replacing MBZ as the main contributor. By 2024, MG accounted for 43% of total revenue, primarily from car sales activities.

Figure 13: Revenue contribution by segments



Source: HAX, RongViet Securities

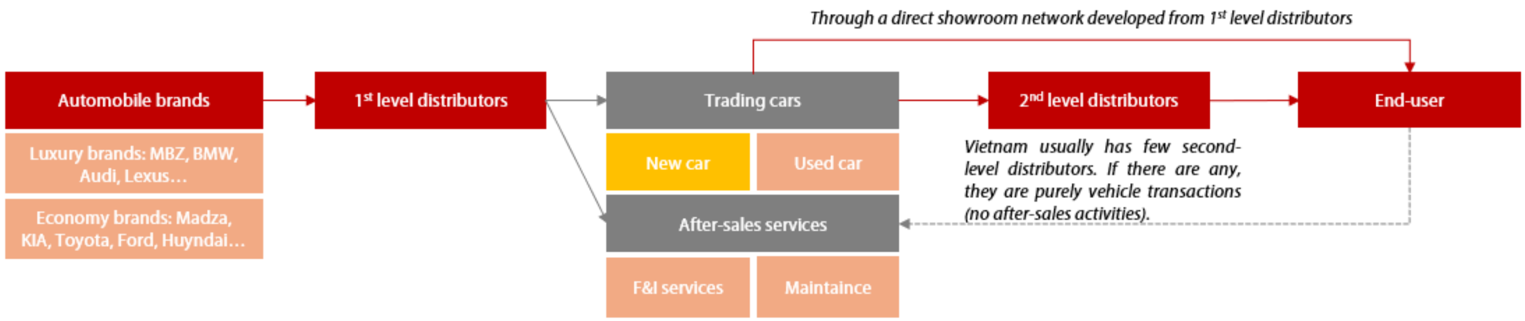
Figure 14: HAX's master plan



Source: HAX, RongViet Securities

Corporate value chain

Figure 15: Corporate value chain of pure auto dealer like HAX



Source: RongViet Securities

The automobile distribution model via a showroom network—such as HAX's—is an integral part of the automotive value chain, serving as an intermediary between manufacturers and end consumers. We outline four key success factors that underpin the effectiveness of this business model:

(1) Market size and growth potential of the overall automotive sector: This is assessed through the lens of low vehicle penetration rates and the significant upside from improving macroeconomic fundamentals such as rising disposable income and infrastructure development. Accurately identifying the "inflection point" of industry growth enables automakers and distributors to capture upside potential early and establish a stronger market position relative to late entrants.

(2) Automaker's market share expansion capabilities: This refers to the automaker's ability to flexibly coordinate pricing strategies, product offerings, and distribution network development in collaboration with local distributors. The path to success for an automaker in Vietnam typically follows three key stages:

- **Market entry phase:** The automaker adopts a low-price strategy and launches multiple vehicle models targeting the mass-market segment to align with local income levels. To establish presence and scale, automakers may either (i) build their own showroom network—capturing full margin but requiring significant time and capital—or (ii) partner with local distributors to rapidly expand through authorized dealer networks—benefiting from local expertise but sharing profit margins.
- **Growth phase:** Automakers continue to release new vehicle models and expand showroom presence to increase brand visibility, albeit at a slower pace and with more diversified distributor partnerships. In terms of pricing, given high import taxes (for non-ASEAN vehicles) and periodic 50% reductions in registration fees, automakers often invest in local or ASEAN-based manufacturing and assembly plants. This helps reduce logistics, tax, and regulatory costs, allowing them to sustain competitive pricing over the long term—rather than sacrificing margins as in the early entry phase.
- **Maturity phase:** As vehicle sales plateau, automakers shift focus to expanding after-sales services (*) across their showroom networks—either managed directly or delegated to distributors. These services provide more stable and recurring revenue streams (e.g., scheduled maintenance) compared to one-off vehicle sales and tend to grow over time as the number of used vehicles increases. Notably, this segment delivers significantly higher margins—ranging from 20% to 90%—compared to the 2-10% margins typical of vehicle sales.

(*) The typical life cycle of an automaker in a given country often begins with the sale of fully built-up (CBU) vehicles—serving as a "door-opener" strategy to attract consumers into the brand's broader ecosystem. This initial entry paves the way for subsequent value-added offerings, including repair services, parts replacement, maintenance, insurance, and vehicle rental, thereby establishing a comprehensive automotive service platform.

(3) Distributor's ability to establish strategic partnerships with automakers: All previously discussed success factors become meaningless **if a distributor fails to secure official distribution rights from automakers.** This represents a structural vulnerability in the dealership model—such as that of HAX—particularly in scenarios where automakers opt to develop their own direct-to-consumer showroom networks (e.g., VinFast, BYD) or significantly scale back incentive schemes for third-party distributors (x). To address this risk, **distributors must develop strong credentials to attract automaker partnerships**. Key competencies include operational experience in managing showroom networks (particularly in site selection), competitive pricing strategies, effective marketing execution, and comprehensive staff training programs.

(4) Ability to optimize operating and financing costs: Success in this business model also depends on the distributor's ability to manage key cost drivers. These include **selling and administrative expenses** (e.g., logistics and salesforce compensation), **interest expenses** tied to working capital needs—particularly relevant in the capital-intensive automotive sector—and **gross margin performance**, which can be improved by scaling up after-sales services in collaboration with the automaker.

However, **if an automaker tightens distributor margins—by increasing vehicle acquisition costs**, reducing KPI-related bonuses, or internalizing showroom and after-sales operations—**the growth prospects of affiliated distributors may be materially impaired.**

Based on the framework above, we analyze the key factors in relation to each automaker distributed by HAX as follows:

Mercedes-Benz (MBZ) – Premium segment, distributed via HAX's parent company

Product Portfolio

Mercedes-Benz is Haxaco's longest-standing distribution line, initiated in 2000 and positioned firmly within the luxury car segment (with retail prices ranging from VND 1–10 bn). At present, HAX has shifted its strategic focus toward after-sales services—including maintenance, parts replacement, and repairs for MBZ vehicles—as new vehicle sales have gradually matured and plateaued.

It is worth noting that the entire MBZ portfolio distributed by HAX currently comprises internal combustion engine (ICE) vehicles. HAX has opted not to import or distribute MBZ's electric vehicle (EV) models, citing limited demand and an underdeveloped EV ecosystem in Vietnam. This decision also reflects a conservative approach to working capital to avoid the capital intensity and inventory risk associated with low-turnover EV stock.

Table 8: Mercedes-Benz's product portfolio

No.	Segment	Product	Selling price (VND bn)
1	C-Class	Mercedes-Benz C 200 Avantgarde	1,389
		Mercedes-Benz C200 Advangate Plus	1,589
		Mercedes-Benz C 300 AMG	1,889
2	E-Class	Mercedes-Benz E 180 Exclusive	1,889
		Mercedes-Benz E 200 Exclusive	2,223
		Mercedes-Benz E 300 AMG	2,889
3	S-Class	Mercedes-Benz S 450 Li	5,199
		Mercedes-Benz S 450 L Luxury	5,559
4	Maybach	Mercedes-Maybach S 450 4MATIC	8,199
		Mercedes-Maybach S 680 4MATIC	15,990
		Mercedes-Maybach GLS 480 4MATIC	8,799
		Mercedes-Maybach GLS 600 4MATIC	12,119
5	GLC	Mercedes-Benz GLC 200 4MATIC	2,299

		Mercedes-Benz GLC 300 4MATIC	2,799
		Mercedes-Benz GLC 300 4MATIC Coupé	3,129
6	GLE	Mercedes-Benz GLE 450 4MATIC	3,999
7	GLS	Mercedes-Benz GLS 450 4MATIC	5,389
8	GLA	Mercedes-AMG GLA 45	2,279
9	G-Class	Mercedes-AMG G 63	10,950
		Mercedes-AMG GT R	11,590
		Mercedes-AMG GT 53 4MATIC+	6,719
10	V-Class	Mercedes-Benz V 250 Luxury	3,039
		Mercedes-Benz V 250 AMG	3,669
11	GLB	Mercedes-Benz GLB 200 AMG	1,659
		Mercedes-Benz GLB 35 AMG	2,229
12	EQS	Mercedes-Benz EQB 250	2,289
		Mercedes-Benz EQS 450+	5,009
		Mercedes-Benz EQS 580 4MATIC	5,959
		Mercedes EQE 500 4Matic SUV	3,999
		Mercedes EQS 500 4Matic SUV	4,999

Source: RongViet Securities

Distribution network

Mercedes-Benz adopts a 100% third-party distribution model in Vietnam, relying entirely on local distributors to operate its retail network—unlike VinFast, which manages its own showrooms, or BYD, which employs a hybrid approach. This model allows distributors to fully benefit from the brand's growth in Vietnam, across both vehicle sales and after-sales services. Among these partners, Haxaco has been the main beneficiary, leading the MBZ distribution market with a 30–40% share during the 2018–23. This leadership position was achieved despite operating only five showrooms—ranking second in network size after Vietnam Star, which is owned by Lei Shing Hong Group.

Table 9: Describe HAX's Mercedes-Benz showroom

	Invested capital (USD mn)	Square (m2)			Starting period	Manpower	Fomality
		Total	Showroom	Service workshop			
Haxaco Dien Bien Phu	3.5	4,707	850	2,050	2018	146	HAX's own land
Haxaco Vo Van Kiet	2.7	2,708	650	1,562	2018	102	Rent
Haxaco Lang Ha	6.2	4,000	1,000	3,000	2015	126	Rent
Haxaco Kim Giang	3.4	3,300	762	1,946	2016	83	Rent
Haxaco Can Tho	5.4	2,900	425	4,282	2022	69	Rent

Source: HAX, RongViet Securities

Table 10: Statistics of the Mercedes-Benz showroom system among distributors

Province	Haxaco	Vietnam Star	An Du	Others	Total
Ho Chi Minh City	2	2	0	0	4
Ha Noi	1	2	2	1	6
Binh Duong	0	1	0	0	1
Đa Nang	1	0	0	0	1

Can Tho	1	1	0	0	2
Nha Trang	0	1	0	0	1
Hai Phong	0	0	1	0	1
Quang Ninh	0	0	1	0	1
Nghe An	0	0	0	1	1
Total	5	7	4	2	18

Source: RongViet Securities

Past background

(Back to page 4) Vietnam's automotive market began to take shape in 1995, following the lifting of the U.S. trade embargo. Major global automakers—most notably Toyota, Ford, and Mercedes-Benz (MBZ)—seized the opportunity to enter the Vietnamese market through joint ventures with local firms, establishing manufacturing and assembly plants to boost output and reduce vehicle prices. As a result, between 2000 and 2016, the country's car ownership rate rose rapidly from a low base, increasing from 6.2 vehicles per 1,000 people in 2001 to 25.8 vehicles per 1,000 in 2016. This expansion drove market growth at CAGR of 13.3%/year over the period.

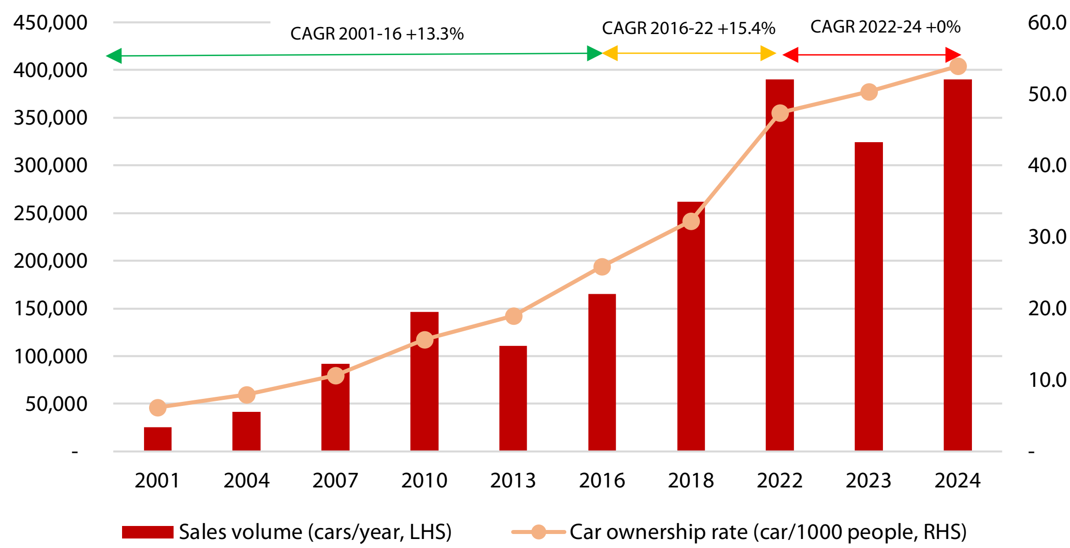
From 2018 to 2022, the domestic auto market received an additional boost from the implementation of a 0% import tax on passenger vehicles (under 9 seats) originating from ASEAN countries—such as Thailand and Indonesia—effective January 1st, 2018, under the ASEAN Trade in Goods Agreement (ATIGA). This policy further expanded the market, with a CAGR of 15.3%/year from 2018 to 2022, lifting car ownership to 47.4 vehicles per 1,000 people by 2022.

Mercedes-Benz (MBZ) was among the first five automakers to establish a manufacturing footprint in Vietnam, benefiting directly from the rapid market expansion. Despite operating exclusively in the premium segment, MBZ managed to achieve a 3.8% market share by 2017, supported by a CAGR of 11.7% in domestic sales between 2014 and 2022—broadly in line with the overall industry growth.

As MBZ's leading distributor in Vietnam, Haxaco (HAX) captured the full upside of this growth wave, achieving a robust 23.8% CAGR in car sales over the 2014–22. In parallel, HAX also developed a comprehensive value chain well ahead of the broader industry curve, particularly in after-sales services. This strategic positioning enabled the company to further leverage the Mercedes-Benz ecosystem, with after-sales revenue growing at a CAGR of 20.4% from 2014 to 2022 (Refers to Analyst pinboard: Automotive Aftermarket – Potential turning point for distributors in the long term).

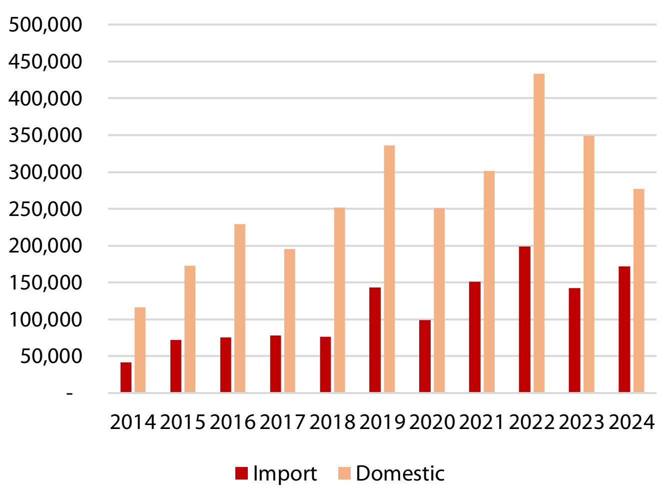
(Back to page 4) In addition to the expansion in MBZ-related revenue, HAX benefited from various "preferential terms" granted by MBZ during its market entry and development phase in Vietnam—most notably, elevated gross margins and sizable volume-based incentives from the manufacturer. These advantages played a key role in driving HAX's net profit CAGR to 39.5% during the 2014–22.

Figure 16: Auto sales volume in Vietnam (units)



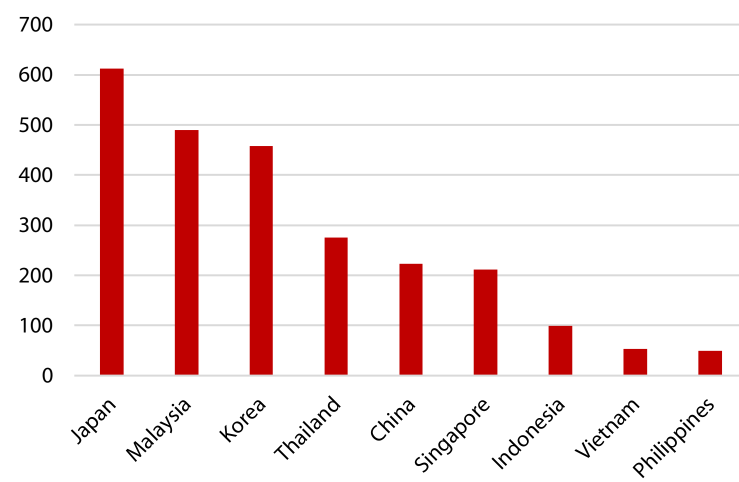
Source: VAMA, Vinfast, Huyndai TC, MBZ, MG, RongViet Securities estimated

Figure 17: Number of cars sold in Vietnam by origin over the years (units)



Source: VAMA, RongViet Securities

Figure 18: Car ownership rate among people in countries in 2024 (cars/thousand people)



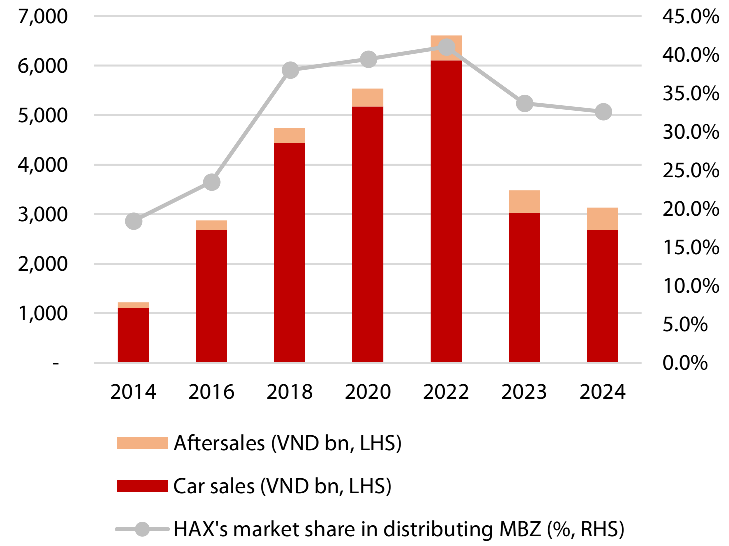
Source: OICA, RongViet Securities

Table 11: Description of the penetration process of car manufacturers into Vietnam

Brand	Period to penetrate in Vietnam	Period to launch first factory in Vietnam	Address
Toyota	1996	1997	Phuc Yen, Vinh Phuc
Mercedes-Benz	1995	1997	Go Vap, HCMC
Mitsubishi	1995	1997	Binh Duong
Honda	2005	2006	Vinh Phuc
Kia	2008	2008	Chu Lai, Quang Nam
Huyndai TC	2009	2018	Gia Vuong, Ninh Binh
Mazda	2011	2018	Nui Thanh, Quang Nam

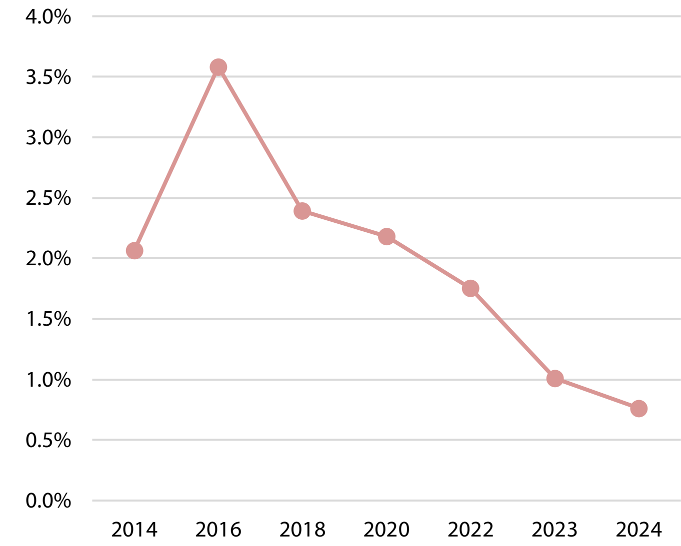
Source: RongViet Securities

Figure 19: HAX's revenue related to distributing MBZ



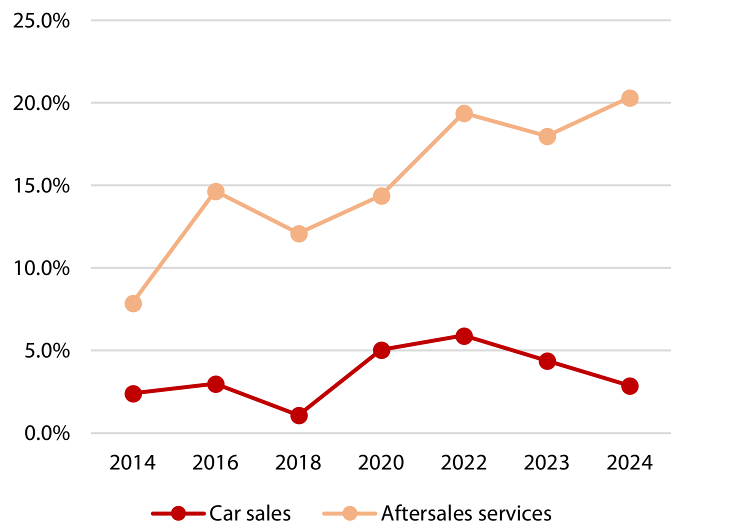
Source: HAX, VAMA, RongViet Securities summarizes

Figure 20: MBZ's market share in Vietnam (%)



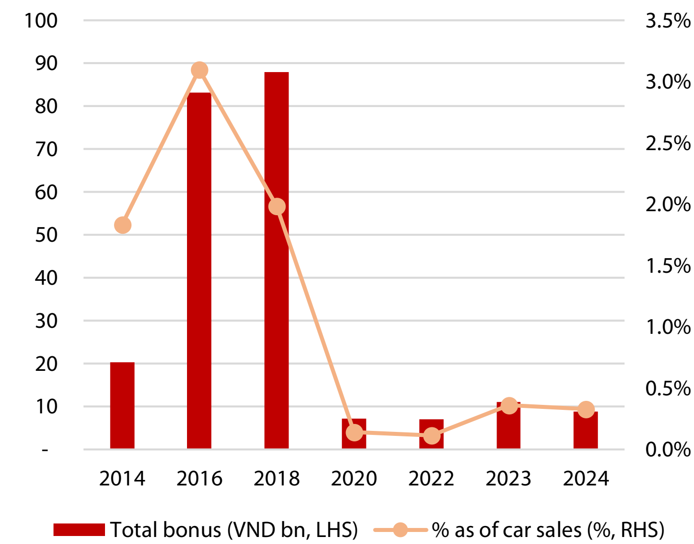
Source: OICA, RongViet Securities

Figure 21: HAX's gross margin related to distributing MBZ (%)



Source: HAX, RongViet Securities

Figure 22: KPI-retaled bonus in MBZ's car sales of HAX



Source: HAX, RongViet Securities

(Back to page) However, the post-COVID period (2022–24) marked a turning point for both the automotive industry and MBZ's positioning within it. Vietnam's automobile market stagnated amid subdued growth in disposable income and weak consumer and business confidence. Additionally, the real estate market remained frozen, while long-standing structural challenges—such as high taxes and fees and underdeveloped transportation infrastructure—continued to weigh on demand. (Refers to Analyst Pinboard: Vietnam automobiles market - Looking towards 2H2024 with multiple concerns)

MBZ's sales during this period significantly underperformed the overall market, declining at a compound annual rate of -34.0%. Its market share also saw a substantial drop, from 1.8% to 0.8%. This deterioration in MBZ's market position can be attributed to the following factors:

- **Shrinking luxury car segment amid weakened consumer spending (2023–24):** The overall decline in purchasing power led consumers to prioritize savings and cut back on discretionary spending, particularly on high-value items like automobiles. Luxury vehicles such as MBZ, typically targeted at upper-middle-class consumers, were especially impacted by the challenging business environment and the prolonged stagnation of the real estate market.

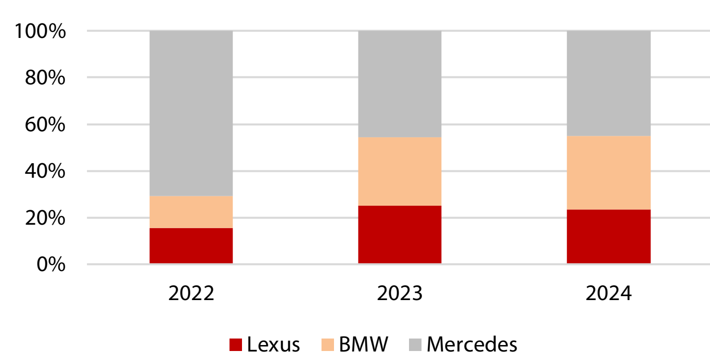
- **The rise of domestic EV champion – VinFast:** While most competitors struggled, VinFast posted remarkable sales growth—374% YoY in 2023 and 150% YoY in 2024. This surge was fueled by: (1) strong government support for electric vehicle (EV) adoption, including registration fee exemptions (valid through Feb-2025) and a 0% special consumption tax (compared to 30–35% for gasoline vehicles); (2) strategic leverage of the Vingroup ecosystem—such as free parking at Vinhomes and Vincom properties, widespread charging infrastructure in residential areas, and free battery charging (until Jun-2025, previously extended to Jun-2027); and (3) the successful launch of affordable, mass-market models like the VF3 minicar (priced around VND 300 mn) and the VF5 mini SUV (around VND 500 mn), which aligned well with evolving consumer preferences.
- **Intensifying competition in the luxury segment:** The Vietnamese market has seen an influx of premium brands such as BMW, Audi, Lexus, and BYD—offering vehicles with similar positioning to MBZ but with more competitive pricing, aggressive promotional strategies, and a broader product range. As a result, MBZ has lost market share to these competitors. (Table 1, Figure 3)

Table 12: Comparison of pricing policies and promotional offers among luxury car models

	Mercedes-Benz	BMW	Lexus	Audi
Discounts	Low (~100-400 million)	High (~200-600 million)	Low (~100-150 million)	Medium (~100-300 million)
Registration fee	50-100% (CKD, irregular)	50-100% (regular)	50% (rare, in stock)	50-100% (common)
Bundled gifts	Medium (~20-50 million)	High (~50-100 million)	High (~50-70 million)	Medium (~35-140 million)
Installment interest rate	Medium (8-10%)	Good (6-8%)	Medium (7-9%)	Good (7-9%)
Promotion Frequency	Little, uneven	Many, steady	Little, stable	On average, even more than MBZ

Source: RongViet Securities summarizes

Figure 23: Market share of the three car brands in the luxury car segment in Vietnam (%)



Source: VAMA, RongViet Securities summarizes

- **Legal Uncertainty Surrounding MBZ's Sole Manufacturing Plant in Vietnam – Go Vap**: The plant, located on land leased from the Saigon Transportation Mechanical Corporation (SAMCO), operates under a 30-year lease agreement signed in 1995, which is set to expire on April 24, 2025. Mercedes-Benz Vietnam (MBV) submitted a request for a 5-year extension (until 2030) in 2021; however, as of

2024, the extension has yet to receive official approval—representing a ~3-year delay. This legal uncertainty has deterred MBV from committing further capital investment into machinery and production line upgrades (estimated at VND 50–100 bn if expansion proceeds). As a result, the company has scaled back production significantly, operating at a minimal level while awaiting clarity. Output has dropped from approximately 6,000 units in 2022 to 3,800 in 2023, and just 740 units in the 9M 2024.

Table 13: Description of Go Vap MBV factory

MBV Go Vap Factory Information	Details
Area	~10,500 m^2, on land leased from SAMCO
Design capacity	~5,280 cars/year (based on the production capacity of ~6,000 frames/year of powder-coated chassis at the peak)
Product	Before 2017: Passenger cars (C-Class, E-Class, GLC), trucks, buses (Fuso). After 2017: CKD passenger cars only (C-Class, GLC, E-Class, S-Class).
Domestic Vehicle Production	Main CKD (Completely Knocked Down) assembly plant, accounting for ~90% of MBV's domestic vehicle production

Source: RongViet Securities summarizes

- **Reduction in distributor incentives:** Given the increasing challenges in the luxury automotive segment—both in terms of overall market size and rising competitive pressure—MBZ has taken several steps to scale back benefits provided to its distributors. These include: (1) discontinuing collaboration on new showroom development, and (2) reducing gross margin support and KPI-based performance bonuses.The impact of these actions is clearly reflected in the performance of HAX, MBZ's key distributor in Vietnam, over the past five years. (Back to page 5)

During this period, HAX's MBZ-related revenue mirrored the brand's overall decline, with vehicle sales contracting at a CAGR of -33.8% and after-sales revenue declining at -5.6% per annum. As preferential terms were withdrawn, HAX's net profit dropped even more sharply, with a CAGR of -95.0%, underperforming even top-line contraction.

2025-29 Outlook (Back to page 4)

Looking ahead over the next 3–5 years, we observe several unfavorable developments in the MBZ–HAX relationship due to the following factors:

Automotive market recovery likely to be gradual rather than explosive. While the overall Vietnamese auto market is expected to continue recovering, it is unlikely to enter a breakout phase. We forecast a moderate CAGR of ~8.8% for 2024–29, higher than the 5.1% CAGR recorded during 2018–24. However, this growth will be largely driven by the aggressive expansion of brands like VinFast and MG in 2025–26. Key structural constraints remain unresolved—including limited growth in household income, underdeveloped transportation infrastructure, and regulatory burdens such as high taxes on gasoline vehicles and inadequate charging infrastructure for EVs (both in terms of availability and cost). (Refers to Analyst Pinboard: Vietnam automobiles market - Looking towards 2H2024 with multiple concerns)

(1) **MBZ's core strategies to recover market share remain uninspiring.** The brand has no concrete plans to expand its showroom footprint—either through local partners or via direct operations—and is not actively introducing new vehicle models to the Vietnamese market. In addition, MBZ has scaled back distributor incentives, reducing the motivation for partners to aggressively push sales. That said, the recent extension of the land lease for its Go Vap manufacturing facility through January 1, 2030,

may allow MBZ to resume production scale-up, potentially enabling it to grow in line with the market average rather than underperforming as it has over the past three years.

(2) **HAX may gradually lose its share of MBZ vehicle distribution** due to a lack of preferential terms that previously supported its growth. Furthermore, the formation of a new entity—Mercedes-Benz Distribution Vietnam (MBDV)—in Oct-2024, though not yet operational, may signal MBZ's intent to reduce reliance on local distributors. This move poses a longer-term risk for HAX, potentially indicating an eventual shift away from MBZ vehicle distribution.

(*) "The establishment of this new legal entity is a strategic measure to ensure the continuity of our business operations in the Vietnamese market and to mitigate potential risks," a representative of MBZ stated.

Table 14: Historical and projected market share of brands in the Vietnamese automotive market

	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
VAMA	*72.6%*	*65.7%*	*74.4%*	*66.2%*	*56.4%*	*53.6%*	*52.5%*	*51.5%*	*50.4%*	*50.4%*
Huyndai	*27.4%*	*22.8%*	*20.9%*	*20.8%*	*17.2%*	*16.4%*	*16.0%*	*15.7%*	*15.4%*	*15.4%*
Vinfast	*0.0%*	*11.5%*	*1.9%*	*10.8%*	*22.3%*	*25.2%*	*26.2%*	*27.4%*	*28.6%*	*28.6%*
MBZ	*2.2%*	*2.1%*	*1.8%*	*1.0%*	*0.8%*	*0.7%*	*0.7%*	*0.6%*	*0.6%*	*0.6%*
MG	*0.0%*	*0.0%*	*1.1%*	*1.2%*	*3.4%*	*4.1%*	*4.5%*	*4.7%*	*4.9%*	*5.0%*

Source: RongViet Securities estimates. Note: VAMA comprises mainly Toyota, Mazda, KIA, Lexus, BMW, Honda, Mitsubushi

Table 15: Historical and projected distribution market share of HAX in MBZ (%)

	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
HAX	*39.4%*	*36.9%*	*41.0%*	*33.7%*	*32.6%*	*31.6%*	*30.6%*	*29.6%*	*28.6%*	*27.6%*

Source: HAX, RongViet Securities estimates

Given the weakening outlook for vehicle sales and the global trend toward after-sales development in mature automotive distribution markets such as China, Europe, and the U.S., we believe HAX will continue to strengthen its after-sales operations over the medium term, supported by the following factors:

- This segment has recorded solid growth of 10–15% annually over the past five years, driven by increasing consumer awareness around vehicle maintenance and a gradual rise in car ownership across the population.
- After-sales excellence is often viewed as a key "alpha" factor for distributors. Those who perform well in this area can build stronger customer loyalty and deepen OEM partnerships—potentially securing favorable allocations of new/used vehicle sales targets and future showroom development opportunities once the Vietnamese auto market enters a more robust growth phase.
- The contribution of after-sales services to total revenue and gross margin for Vietnamese distributors remains below global industry averages, suggesting meaningful headroom for improvement.

(Refers to Analyst pinboard: Automotive Aftermarket – Potential turning point for distributors in the long term)

(Back to page 5) **Regarding cost structure, as previously noted, HAX is expected to maintain a net margin of approximately 2.0% for the MBZ segment—broadly in line with the industry average**. This margin is primarily supported by the after-sales business (repair services, parts replacement, and maintenance), which provides stable revenue and superior profitability relative to new car sales.

Morris Garages (MG) – Mass market Segment, distributed via Subsidiary PTM

Product Portfolio

HAX became a Tier-2 distributor of MG in Q4-2020. However, during the 2020–22 period, its MG operations remained modest, with only two basic-standard showrooms (1S format) and limited annual sales revenue of just VND 7–10 bn.

In Jul-2023, SAIC Motor Vietnam (SMV)—the local arm of SAIC Motor and MG's principal—officially took over national distribution from Tan Chong, the former Tier-1 distributor, following three years of underperformance. Since then, HAX has been elevated to Tier-1 distributor status for MG, emerging as the market leader in both market share (30–40%) and showroom network coverage (14 out of MG's 40–45 showrooms nationwide).

It is worth noting that, similar to MBZ, HAX currently distributes only internal combustion engine (ICE) models in the MG lineup.

Table 16: MG's product portpolio

No.	Segment	Product	Selling price (VND mn)
1	MG ZS	MG ZS STD	538
		MG ZS COM	588
		MG ZS LUX	638
2	MG5	MG5 STD	523
		MG5 LUX	588
3	MG RX5	MG RX5 STD	739
		MG RX5 LUX	829
4	MG HS	MG HS DEL	699
		MG HS LUX	749
5	New MG5	New MG5 MT	399
		New MG5 CVT STD	459
		New MG5 CVT DELUXE	499
6	MG4 EV	MG4 EV DEL	828
		MG4 EV LUX	948

Source: HAX, RongViet Securities

Distribution network

Similar to Mercedes-Benz, MG adopts a 100% third-party distribution model in Vietnam, relying entirely on local distributors to operate its retail and service network. This approach allows distributors to fully capture the value generated from MG's expansion in Vietnam—including both vehicle sales and after-sales services. Among these partners, Haxaco is the primary beneficiary, leading the MG distribution market with a 30–40% share as of 2024.

Currently, HAX operates 14 out of MG's 42 showrooms nationwide, including 7 flagship 3S Premium showrooms that meet MG's global standards, strategically located across all three regions—including Ho Chi Minh City, Hanoi, Can Tho, Bac Giang, and Da Nang. HAX aims to expand its MG network to 18 showrooms by 2025, with 12 of them being 3S Premium format.

Table 17: Describe MG's showroom network of HAX

	Invested capital (USD mn)			Square (m2)	Starting period	Manpower
	Total	Showroom	Service workshop			
MG Long Bien	2,000	1,500	500	Aug-2020	98	Rent
MG Kinh Duong Vuong 3S	7,077	5,327	1,750	Jul-2020	124	Rent
MG Nguyen Tat Thanh	426	426	-	Sep-2023	21	Rent
MG Bac Giang 3S	3,600	1,600	2,000	Jan-2024	63	Rent
MG Bac Ninh	186	186	-	Jan-2024	26	Rent
MG Can Tho 3S	2800	1234	1566	Mar-2024	93	Rent
MG Lang Ha 3S	3,600	2,600	1,000	Jun-2024	96	Rent
MG Dong Nai 3S	3,000	1,400	1,600	Jun-2024	64	Rent
MG Dong Sai Gon	2,016	1,332	684	Sep-2024	56	Rent
MG Nam Dinh 3S	3,000	1,000	2,000	Sep-2024	70	Rent
MG Kien Giang	250	250	-	Nov-2024	31	Rent

MG Ninh Binh	386	386	-	Jan-2025	15	Rent
MG Da Nang 3S	3,000	1,100	1,900	Jan-2025	56	Rent
MG Vung Tau	1,000	1,000	-	Jan-2025	13	Rent
MG An Giang	2,000	2,000	-	Mar-2025	17	Rent

Source: HAX, RongViet Securities

Table 18: Comparison of MG 1S and 3S showroom standards

Showroom Standards	1S	3S
Function	Pure car sales	Car sales + maintenance + spare parts
Scale	Small, compact	Large, full facilities
After-sales service	No maintenance or repair workshop	There is a workshop for maintenance, repair, warranty (e.g. MG 5-year warranty), periodic inspection.
Area	200-500 m2	1,000-2,000 m2
Location	Flexible, close to guests	Usually in large land areas, convenient for transportation
Typical showrooms	Nam Ky Khoi Nghia Showroom, HCMC	Pham Hung Showroom, Hanoi

Source: RongViet Securities

Past background

MG initially entered the Vietnamese market in 2012 through local distributor CT Brothers Automobile. However, this attempt was short-lived, with MG exiting after only a few months due to poor sales performance.

MG re-entered Vietnam in July 2020, launching two core models—MG HS and MG ZS—through distributor Tan Chong, which was also Nissan's distributor at the time. However, this comeback was widely regarded as a failure, as MG failed to gain brand recognition among Vietnamese consumers. In our view, this failure stemmed from both poor timing—launching amid the COVID-19 pandemic, which marked a deep downturn in auto demand—and ineffective distribution strategies by Tan Chong, including a limited number of dealers, substandard showroom formats, and weak marketing efforts. The brand was also unable to overcome consumer skepticism surrounding Chinese-origin vehicles. (*)

Due to Tan Chong's weak execution and MG's lack of serious investment in the Vietnamese market during this period, HAX—then operating as a Tier-2 MG dealer since 2020—derived minimal benefit, generating only VND 7–10 bn in annual revenue across its two showrooms.

(*) Mr. Tran Nam Thang, Deputy CEO of SAIC Motor Vietnam, remarked in Aug-2024: "At that time, all MG showrooms in Vietnam were barely distinguishable from bubble tea shops — small spaces tucked under residential buildings, lacking essential infrastructure. They only displayed vehicles, with no service workshops, no after-sales support, and no parts inventory. The focus was entirely on pushing sales volume, with little regard for quality."

In Jul-2023, SAIC Motor officially took over MG's distribution in Vietnam from Tan Chong through its local subsidiary, SAIC Motor Vietnam (SMV). This marked the true beginning of MG's serious entry into the Vietnamese market, with a clear strategic reset starting in 2024.

A revitalized MG delivered an impressive breakthrough in 2024, achieving vehicle sales growth of +242% YoY to reach 13,117 units—far outpacing the flat-to-moderate growth (0–2.5% YoY) recorded by legacy brands such as Toyota, Mazda, KIA, Honda, Mitsubishi, and Hyundai Thanh Cong, all of which have experienced stagnation over the past five years.

MG's breakout success in 2024, explained by five key strategic decisions:

- **Targeting the right market segments:** MG focused its expansion on Tier-2 and Tier-3 provincial markets rather than major metropolitan areas. This strategy aligned well with MG's positioning as a new market entrant, targeting rural consumers who typically have lower income, are highly price-sensitive, and display lower brand loyalty. As a result, 64% of MG's showrooms are located outside of Ho Chi Minh City and Hanoi.
- **Expanding a Dense Showroom Network:** By partnering with distributors like Haxaco, MG aggressively expanded its showroom footprint into smaller provinces. The number of MG showrooms increased from 36 at the end of 2023 to 56 as of Mar-2025. This broad physical presence ensured strong brand visibility and enhanced customer experience, particularly in critical areas such as vehicle delivery, timely maintenance, and service accessibility. (*)

(*) This "last-mile reach" strategy is a proven success formula in Vietnam's retail landscape, as previously analyzed in the case of Mobile World Group (MWG).

- **Aggressive pricing strategy:** In all five segments where MG is present (B- and C-segment SUVs, C- and D-segment sedans, and electric vehicles), MG offers the lowest-priced models—typically VND 100–150 mn cheaper than competitors. We view this pricing approach as a customer acquisition tactic, designed to draw price-sensitive consumers—particularly in rural areas—into showrooms and encourage first-time ownership and product trials.
- **Upgrading showroom standards:** Unlike the earlier Tan Chong era, where showrooms often met only basic 1S standards, SAIC Motor has mandated full 3S (Sales–Service–Spare parts) specifications across its dealer network. If the pricing strategy is seen as the "hook," the 3S model serves as the "retention net," helping to secure long-term customer loyalty through elevated service quality.
- **Strengthening distributor partnerships:** MG has proactively incentivized its distributor network by providing capital support for showroom development (~VND 4–5 bn per showroom) and offering higher-than-industry-standard gross margins (14% compared to the typical 5–10%). These incentives give distributors a strong economic reason to prioritize MG vehicles in their product lineup and expand the brand's presence.

In summary, compared to its previous two unsuccessful attempts, MG's 2024 strategy was far more integrated and professionally executed. The brand successfully guided consumers through a tightly coordinated journey—from awareness (via dense customer touchpoints and presence at events like Vietnam Motor Show 2024 and Hyperspace Inbound), to trial (enabled by aggressive pricing), and ultimately to loyalty (driven by timely delivery and after-sales support).

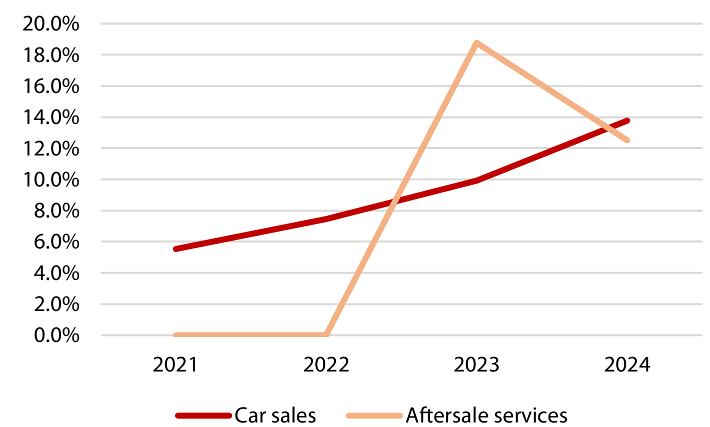
Table 19: Comparison of selling prices of MG cars and competitors in each segment

Segments	Brand	Segment	Selling price (VND mn)		
			Fixed price	Incentives	Actual price
B-class SUV	MG	MG ZS	538 - 638	50-100	~460 - 560
	Hyundai	Hyundai Creta	640 - 790	~20-30	~610 - 770
	Toyota	Toyota Corolla Cross	746 - 944	~30	~716 - 914
	Honda	Honda HR-V	826 - 876	~20	~806 - 856
	Kia	Kia Seltos	639 - 759 .	~30-50 .	~600 - 729 .
	Mazda	Mazda CX-3	649 - 729 .	~20 .	~629 - 709 .
C-class SUV	MG	MG HS	699 - 749	50-70	~629 - 679
		MG RX5	739 - 829	~50	~689 - 779
	Hyundai	Hyundai Tucson	799 - 940	~30-40	~769 - 900
	Toyota	Toyota Fortuner	1,026 - 1,350	~20	~1,000 – 1,330
	Honda	Honda CR-V	1,109 - 1,310	~30	~1,079 - 1,280

	Kia	Kia Sportage	829 - 999	~40	~789 - 959
	Mazda	Mazda CX-5	749 - 979	30-50	~719 - 949
C-class sedan	MG	MG5	523 - 588	~50-60	~460 - 530
	Hyundai	Hyundai Elantra	599 - 799	~20-30	~579 - 769
	Toyota	Toyota Corolla Altis	719 - 868	~20	~699 - 848
	Honda	Honda Civic	770 - 979	~30	~740 - 949
	Kia	Kia K3	639 - 789	~30-40	~609 - 759
	Mazda	Mazda3	669 - 849	~30	~639 - 819
D-class sedan	MG	MG7	828 - 1,018	~50	~778 - 968
	Hyundai	Hyundai Sonata	1,060 - 1,150 (discontinued from 2023, only used cars remain)		
	Toyota	Toyota Camry	1,070 - 1,460	~20	~1,050 - 1,440
	Honda	Honda Accord	1,319	~30	~1,289
	Kia	Kia K5	859 - 999	~40	~819 - 959
	Mazda	Mazda6	769 - 899	~30	~739 - 869

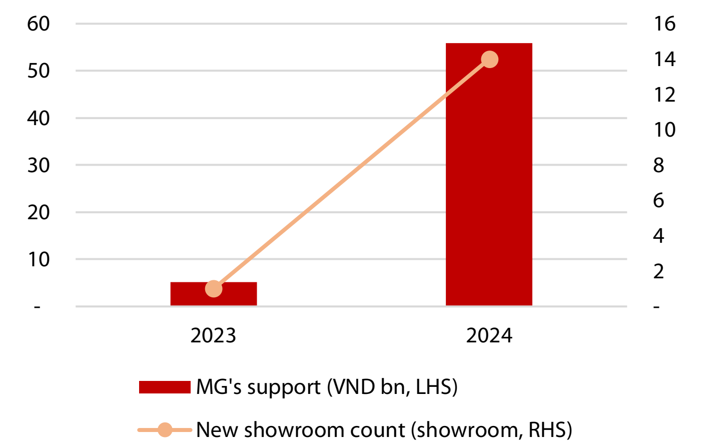
Source: RongViet Securities summarizes

Figure 24: HAX's gross margin related to distributing MG (%)



Source: HAX, RongViet Securities

Figure: 25: MG's support for HAX related to showroom built-up cost



Source: HAX, RongViet Securities

(Back to page 4) By the end of 2024, HAX had fully capitalized on the success of MG through its 51%-owned subsidiary, PTM. The company led the market in both showroom expansion and the number of outlets meeting MG's highest global standard (3S), while also benefiting from distributor incentives that exceeded industry norms. As a result, HAX's MG-related revenue and net profit surged to VND 2,386 bn (+375% YoY) and VND 143 bn (+3,385% YoY), respectively.

We believe that 2024 marked a significant turning point in HAX's business trajectory, as the company shifted its primary growth engine from luxury brand MBZ to mass-market brand MG.

2025-29 Outlook (Back to page 4)

For the 2025–29 period, we believe MG is well-positioned to sustain its high growth momentum, as most of the strategic "levers" that underpinned its breakout success in 2024 are expected to remain intact. Specifically:

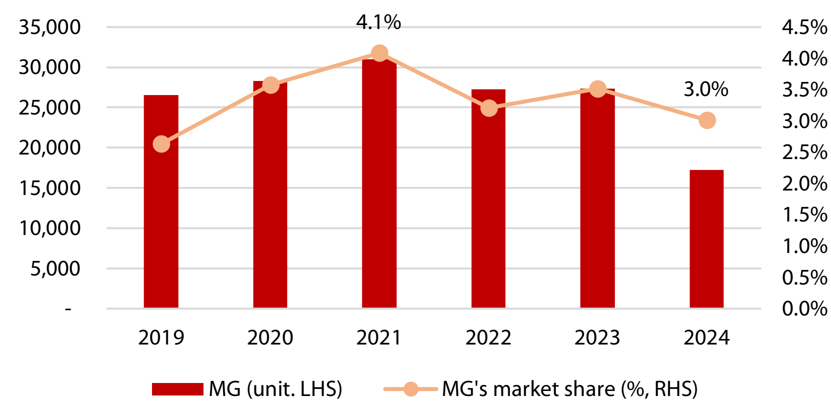
(1) Most of MG's new showrooms were launched in the second half of 2024, meaning 2025 will be the first full year to reflect their complete revenue contribution. While the pace of expansion is expected to moderate compared to 2024, MG will continue to grow its network in 2025—for instance, HAX plans to open four additional MG showrooms. SAIC Motor has also set an ambitious sales target of 20,000 units for MG in 2025, representing a 51.8% YoY increase.

(2) MG is maintaining its aggressive pricing strategy, according to our monitoring of the brand's major sales platforms. Additionally, the company is planning to establish a manufacturing and assembly facility in Vietnam to support long-term pricing competitiveness, in line with our industry value chain analysis.

(*) According to SAIC Motor Vietnam's Deputy CEO, the company intends to set up a research team by the end of 2024 to develop its local production plant project.

(3) MG's current market share in Vietnam stands at 3.4%, still below the 4.0% benchmark seen in MG's most successful market—Thailand—implying room for further expansion.

Figure 26: MG's vehicle sales and market share in Thailand



Nguồn: Marklines, RongViet Securities

Table 20: Historical and projected market share of brands in the Vietnamese automotive market

	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
VAMA	*72.6%*	*65.7%*	*74.4%*	*66.2%*	*56.4%*	*53.6%*	*52.5%*	*51.5%*	*50.4%*	*50.4%*
Huyndai	*27.4%*	*22.8%*	*20.9%*	*20.8%*	*17.2%*	*16.4%*	*16.0%*	*15.7%*	*15.4%*	*15.4%*
Vinfast	*0.0%*	*11.5%*	*1.9%*	*10.8%*	*22.3%*	*25.2%*	*26.2%*	*27.4%*	*28.6%*	*28.6%*
MBZ	*2.2%*	*2.1%*	*1.8%*	*1.0%*	*0.8%*	*0.7%*	*0.7%*	*0.6%*	*0.6%*	*0.6%*
MG	*0.0%*	*0.0%*	*1.1%*	*1.2%*	*3.4%*	*4.1%*	*4.5%*	*4.7%*	*4.9%*	*5.0%*

Source: RongViet Securities estimates. Note: VAMA comprises mainly Toyota, Mazda, KIA, Lexus, BMW, Honda, Mitsubushi

Table 21: Historical and projected distribution market share of HAX in MBZ (%)

	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
HAX			*6.2%*	*19.5%*	*31.3%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*

Source: HAX, RongViet Securities estimates

For HAX, we expect the company to maintain its position as the leading MG distributor in Vietnam during the 2025–29 period, with market share rising to approximately 35.0%. This will be supported by HAX's showroom expansion plans, which align closely with MG's overall network growth. However, MG's preferential terms for HAX are likely to be scaled back over time, leading to a gradual decline in MG-related net margins after the brand has successfully established itself in the Vietnamese market. Specifically:

- MG's gross margin, which currently stands at a high level of 14.0%, is expected to gradually converge toward the industry average as MG reduces cost-of-goods-sold incentives for distributors—relative to the aggressive support provided during the early market entry phase. (Back to page 5)
- HAX plans to open only four MG showrooms in 2025, compared to 11 in 2024, implying a significant drop in showroom construction subsidies from MG. Currently, MG provides VND 4–5 bn per showroom, which is recognized as other income by HAX.

In response, we believe HAX will increasingly focus on growing MG's after-sales segment as vehicle sales expansion begins to plateau, once the brand reaches its market share saturation point. This reflects the typical evolution of an automotive distribution model, similar to MBZ's trajectory. The after-sales business will serve as a key driver for sustaining MG-related revenue and earnings over the medium to long term.

Other brands (VinFast, Nissan) (Back to page 5)

HAX also distributes vehicles from VinFast and Nissan through its subsidiary network. However, the contribution of these brands to HAX's financial results is currently negligible—due either to a lack of strategic focus on Vietnam (in the case of Nissan) or because the brand prioritizes building its own distribution network (as with VinFast). We have therefore not conducted further analysis at this stage but will revisit these segments in our forecasts and valuation if they undergo a strategic transformation similar to MG in the future.

Subsidiary	HAX's ownership rate	Starting year	Brand
West Transprovincial Bus And Service JSC	62.11%	2019	Nissan
An Thai JSC (HAX indirectly owns)	32.51%	2024	Vinfast

Source: HAX, RongViet Securities

APPENDIX 1 – PURE AUTOMOTIVE DISTRIBUTORS WITH COMPARABLE MODELS

In this report, we reference five pure-play automotive distributors — companies that focus solely on distribution without engaging in vehicle manufacturing or assembly—as comparable peers to HAX for analytical and forecasting purposes.

Zhongsheng Group (China): A major automotive distributor in China, focusing on vehicle sales, after-sales services, and automotive-related financial solutions, serving the rapidly growing domestic market.

China Grand Automotive Services Group (China): One of China's largest automotive distributors, operating an extensive dealership network that offers vehicles from both international and domestic brands, alongside repair and maintenance services.

Inchcape PLC (United Kingdom): A global automotive distributor headquartered in the UK, with operations in over 40 countries. Inchcape partners with major brands such as Mercedes-Benz, Toyota, and BMW, and specializes in retail, distribution, and after-sales services.

PT Indomobil Sukses Internasional Tbk (IMAS) (Indonesia): A leading automotive distributor in Indonesia, part of the Salim Group, representing multiple brands including Mercedes-Benz, Suzuki, and Nissan, while also offering financial services and after-sales support.

AutoNation, Inc. (United States): The largest automotive retailer in the U.S., operating hundreds of dealerships nationwide. AutoNation sells new and used vehicles across multiple brands and provides repair services and parts distribution.

Group 1 Automotive (United States): A major automotive distribution group in the U.S., with a wide-reaching dealership network representing brands such as Ford, Toyota, and Honda, focused on vehicle retail and customer service.

Table 22: Description of car brands distributed by equivalent companies

Distributor	Brand
Zhongshen Group	**Luxury brand:** Audi, Infiniti, Lexus, Mercedes-Benz, Porsche, Volvo **Economy brand:** Honda, Nissan, Toyota, Xpeng
China Grand Automotive Services Group	**Luxury brand:** Mercedes-Benz, BMW, Audi **Economy brand:** Toyota, Honda, Chinese brands such as BYD, Geely
Inchcape PLC	**Luxury brand:** BMW, Jaguar, Land Rover, Mercedes-Benz, Peugeot (a few high-end models), Citroën (a few high-end models) **Economy brand:** Toyota, Subaru, Suzuki, Chevrolet, Great Wall Motors, Peugeot (standard model), Citroën (standard model), Hino, Harley-Davidson (motorbike)
PT Indomobil Sukses Internasional Tbk	**Luxury brand:** Audi, Jaguar, Jeep (a few high-end models), Kia (a few high-end models), Land Rover, Mercedes-Benz, Volkswagen (a few high-end models), Volvo **Economy brand:** Changan, Citroën, Foton, GAC Aion, Great Wall Motor, Hino, Kia (standard model), Maxus, Nissan, Renault, Suzuki, Volkswagen (standard model)
AutoNation, Inc.	**Luxury brand:** BMW, Mercedes-Benz, Audi, Lexus, Porsche, Jaguar, Land Rover **Economy brand:** Toyota, Honda, Ford trickle, Chevrolet, Nissan, Hyundai, Kia, Subaru
Group 1 Automotive	**Luxury brand:** BMW, Mercedes-Benz, Audi, Lexus, Porsche **Economy brand:** Toyota, Honda, Ford, Chevrolet, Nissan, Hyundai, Kia, Subaru, Volkswagen

Source: RongViet Securities

Table 23: Auto distributors with domestic position similar to HAX - Industry Average Calculated from the 6 Companies Listed Above

	2019	2020	2021	2022	2023	2024	Industry average
Days AR on hands	15%	15%	15%	15%	20%	20%	**Weight**
Average	57.1x	56.4x	44.2x	48.0x	62.5x	58.0x	54.9x
Median	57.6x	56.7x	40.9x	40.6x	46.2x	50.1x	48.6x
Days inventory on hands	15%	15%	15%	15%	20%	20%	**Weight**
Average	34.4x	40.3x	32.4x	29.4x	30.5x	29.3x	32.5x
Median	8.4x	9.4x	6.7x	8.7x	11.4x	7.3x	8.7x
Days AP	15%	15%	15%	15%	20%	20%	**Weight**
Average	9.1x	9.0x	8.5x	10.2x	10.1x	11.0x	9.7x
Median	5.9x	7.3x	6.9x	5.5x	8.7x	8.7x	7.3x
Gross margin	15%	15%	15%	15%	20%	20%	**Weight**
Average	14.0%	14.3%	15.2%	15.0%	15.0%	14.6%	14.7%
Median	14.3%	14.6%	16.7%	17.3%	17.3%	16.8%	16.3%
SG&A exp/Net sales	15%	15%	15%	15%	20%	20%	**Weight**
Average	8.8%	9.2%	8.6%	8.8%	8.8%	8.8%	8.8%
Median	11.2%	10.7%	11.0%	11.0%	10.8%	10.9%	10.9%
Net margin	15%	15%	15%	15%	20%	20%	**Weight**
Average	2.2%	0.6%	2.6%	2.2%	2.6%	2.5%	2.1%
Median	1.8%	1.4%	2.9%	2.7%	2.8%	2.5%	2.4%

Source: Bloomberg, RongViet Securities

	2019	2020	2021	2022	2023	2024	Industry average
EV/EBITDA	0%	0%	20%	20%	30%	30%	**Weight**
Average	11.0x	53.8x	10.5x	14.5x	8.8x	9.0x	10.4x
Median	10.4x	15.4x	10.9x	8.1x	7.4x	9.7x	8.9x
P/E	0%	0%	20%	20%	30%	30%	**Weight**
Average	12.1x	14.1x	18.2x	8.4x	12.7x	10.8x	12.4x
Median	10.2x	11.1x	12.9x	9.0x	8.2x	11.6x	10.3x
P/B	0%	0%	20%	20%	30%	30%	**Weight**
Average	1.4x	1.7x	1.8x	1.3x	1.3x	1.3x	1.4x
Median	1.4x	1.7x	2.2x	1.4x	1.2x	1.3x	1.5x
P/S	0%	0%	20%	20%	30%	30%	**Weight**
Average	0.2x	0.3x	0.3x	0.2x	0.2x	0.2x	0.2x
Median	0.2x	0.3x	0.3x	0.2x	0.2x	0.2x	0.2x

Source: Bloomberg, RongViet Securities

Table 24: Revenue share of used car business of major automobile distributors worldwide

Country	Largest Distributor	2019	2020	2021	2022	2023	2024
US	AutoNation	34.3%	33.8%	31.8%	30.4%	32.2%	32.8%
	Group 1 Automotive	37.1%	38.2%	42.5%	44.8%	41.1%	40.0%
	Penskeautomotive	43.7%	44.3%	46.5%	47.3%	44.2%	42.1%
China	Zhongsheng	0.0%	2.0%	5.3%	6.4%	9.1%	11.9%
	Yongda Automobiles Services	0.0%	0.0%	3.4%	5.5%	8.6%	N.A

Source: RongViet Securities. China's second-hand car market lags significantly behind the U.S. in line with the previous phase difference in new car market growth in these two countries.

Table 25: Gross margin of some largest auto distributors in China, the US and Vietnam

AutoNation, Inc.	2019	2020	2021	2022	2023	2024
New car business	4.5%	5.6%	10.0%	11.6%	8.3%	5.9%
Used car business	6.3%	8.6%	12.2%	10.8%	8.4%	6.9%
After-sales service (spare parts replacement, maintenance)	56.9%	61.3%	79.3%	103.9%	84.1%	77.1%
Zhongsheng	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
New car business	2.7%	3%	4.4%	2.7%	0.8%	-3.3%
Used car business	0%	7.6%	6.0%	5.2%	6.7%	7.5%
After-sales service (spare parts replacement, maintenance)	48.2%	47.3%	48.1%	47.1%	46.9%	47.1%
City Auto (CTF)						
New car business	3.7%	3.0%	4.1%	5.9%	3.0%	3.2%
Spare Parts Replacement	35.7%	15.4%	10.9%	25.1%	34.3%	18.3%
Maintenance	32.6%	43.6%	45.7%	43.4%	42.8%	44.4%
Haxaco (HAX)						
New car business	2.7%	5.2%	5.9%	6.0%	5.0%	7.9%
Spare Parts Replacement	17.9%	14.1%	14.7%	18.9%	18.1%	18.8%
Maintenance	-1.5%	-6.8%	27.8%	36.5%	42.5%	83.2%

Source: RongViet Securities

Table 26: Revenue contribution of after-sales services of major automobile distributors worldwide

Country	Largest distributor listed	2019	2020	2021	2022	2023	2024
US	AutoNation, Inc.	21.5%	21.2%	19.7%	20.5%	22.1%	22.3%
	Group 1 Automotive	16.7%	17.2%	16.1%	16.8%	16.6%	16.7%
	Penskeautomotive	14.7%	14.5%	13.8%	14.7%	15.0%	15.6%
China	Zhongsheng	14.4%	13.6%	14.0%	13.7%	14.0%	16.2%
	China Grand Auto	13.1%	12.3%	12.1%	11.8%	13.4%	N.A
Indonesia	PT Indomobil Sukses Internasional Tbk (IMAS)	37.6%	45.4%	41.0%	37.7%	35.9%	N.A
Vietnam	Haxaco	7.3%	6.9%	5.9%	7.7%	13.5%	10.3%
	City Auto	6.2%	6.8%	7.0%	7.9%	7.2%	7.4%

Source: RongViet Securities

APPENDIX 2 – DETAILS OF THE 6-HECTARE VO VAN KIET LAND PLOT OWNED BY HAX

HAX owns a land parcel of approximately 6,283 sqm located at 57B Vo Van Kiet Street, An Lac Ward, Binh Tan District, Ho Chi Minh City. This land was acquired through two separate transactions: 5,798 sqm in Aug-2022 and 485 sqm in Nov-2024. The site is currently held for future price appreciation or potential development into a mixed-use automotive business complex incorporating showrooms, office space, and high-end residential apartments. Both adjoining parcels are recorded under HAX's "Investment Property" line item. Key details include:

- The land use rights for the parcel located at Vo Van Kiet Street, An Lac Ward, Binh Tan District, Ho Chi Minh City, were acquired pursuant to Board Resolution No. 22/NQ-HĐQT-HAX dated Aug 11th, 2022. As of year-end, the net book value of this investment property—used as collateral for bank loans—stood at VND 45.4 bn.
- The land use rights for the second parcel, located at Lot No. 620, Map Sheet No. 86, An Lac Ward, Binh Tan District, were acquired pursuant to Board Resolution No. 31/NQ-HĐQT-HAX dated November 28th, 2024.

Table 27: Details of the 6-hectare Vo Van Kiet land plot owned by HAX

LAND PLOT INFORMATION			DETAIL OF HAX'S TRANSACTION			CURRENT PRICE		
Address	Square (m2)	Frontage (m)	Purchase price after tax and brokerage fee (VND bn)	Purchase price per m2 (VND mn/m2)	Time of purchase	Market price (VND bn)	Purchase price per m2 (VND mn/m2)	Relavant debt (VND bn)
57B at Vo Van Kiet Street, An Lac Ward, Binh Tan District, Ho Chi Minh City	5,798	25	469.2	80.9	Aug-2022	870	150.0	45.4
The land plot next to the Vo Van Kiet plot above, resold by Mr. Dung as shown in the photo	485	60	72.7	149.8	Nov-2024	73	150.0	
Tổng	**6,283**	**85**	**541.9**	**86.2**		**942**		

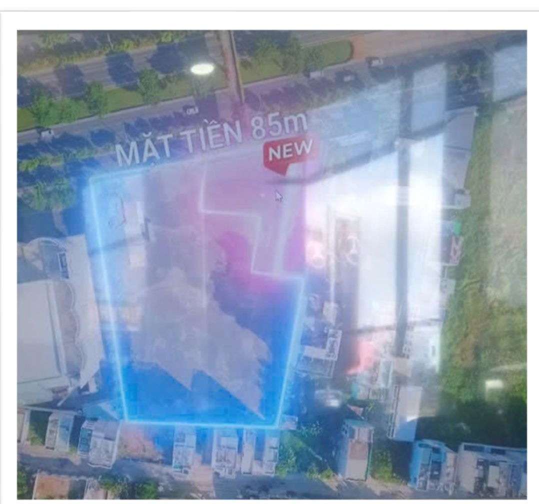
Source: HAX, RongViet Securities. Market prices are referenced via batdongsan.com.vn.

Table 28: Description of the ending balance of HAX's investment real estate over the years (VND bn)

	2018	2019	2020	2021	2022	2023	2024
Gross value	0.0	0.0	0.0	0.0	469.2	469.2	541.9
Accumulated depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: HAX, RongViet Securities.

Figure 27: Description of the 6ha Vo Van Kiet land owned by HAX



Source: HAX, RongViet Securities.

APPENDIX 3 – FINANCIAL ANALYSIS & FORECAST IN 2025-29

Table 29: Projected revenue by segments (VND bn) (Back to page 4)

REVENUE BY SEGMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Mercedes-Benz (MBZ)	**5,238**	**6,607**	**3,480**	**3,127**	**3,132**	**3,192**	**3,249**	**3,303**	**3,353**
YoY growth	*-5.4%*	*26.1%*	*-47.3%*	*-10.1%*	*0.1%*	*1.9%*	*1.8%*	*1.7%*	*1.5%*
Car sales	4,924	6,108	3,032	2,680	2,677	2,722	2,765	2,805	2,842
YoY growth	*-4.7%*	*24.1%*	*-50.4%*	*-11.6%*	*-0.1%*	*1.7%*	*1.6%*	*1.5%*	*1.3%*
Spare part repairs, replacement	310	493	444	440	447	462	476	490	503
YoY growth	*-15.4%*	*59.0%*	*-9.9%*	*-1.0%*	*1.6%*	*3.4%*	*3.1%*	*2.9%*	*2.7%*
Others	5	6	4	8	8	8	8	8	8
YoY growth	*13.7%*	*24.6%*	*-31.9%*	*111.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Others (mainly Morris Garages - MG)	**313**	**168**	**502**	**2,386**	**3,640**	**4,397**	**5,327**	**6,280**	**7,129**
YoY growth									
Car sales	302	147	411	2,266	3,465	4,158	5,021	5,904	6,696
YoY growth	*1,578.8%*	*-51.3%*	*179.4%*	*451.3%*	*52.9%*	*20.0%*	*20.8%*	*17.6%*	*13.4%*
Spare part repairs, replacement	7	13	71	104	160	224	291	360	418
YoY growth	*8.0%*	*79.5%*	*440.5%*	*46.9%*	*52.9%*	*40.0%*	*30.0%*	*24.0%*	*16.0%*
Others	4	8	20	16	16	16	16	16	16
YoY growth	*-31.8%*	*85.9%*	*157.2%*	*-21.7%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Total HAX	**5,551**	**6,775**	**3,982**	**5,513**	**6,772**	**7,589**	**8,576**	**9,584**	**10,483**
YoY growth	*-0.3%*	*22.0%*	*-41.2%*	*38.5%*	*22.8%*	*12.1%*	*13.0%*	*11.7%*	*9.4%*
REVENUE CONTRIBUTION									
Mercedes-Benz (MBZ)	94.4%	97.5%	87.4%	56.7%	46.2%	42.1%	37.9%	34.5%	32.0%
Others (mainly Morris Garages - MG)	5.6%	2.5%	12.6%	43.3%	53.8%	57.9%	62.1%	65.5%	68.0%

Source: HAX, RongViet Securities estimates

Table 30: Projected gross margin by segments (Back to page 5)

GROSS PROFIT BY SEGMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Mercedes-Benz (MBZ)	**340**	**460**	**214**	**174**	**175**	**180**	**184**	**188**	**192**
Car sales	291	362	133	77	77	79	80	81	82
Spare part repairs, replacement	47	96	80	89	91	94	97	100	102
Others	2	3	1	7	7	7	7	7	7
Others (mainly Morris Garages - MG)	**16**	**13**	**63**	**338**	**499**	**586**	**685**	**781**	**849**
Car sales	17	11	41	312	464	541	628	709	763
Spare part repairs, replacement	-2	1	13	13	22	32	45	59	73
Others	0	2	9	**13**	13	13	13	13	13
Total HAX	**355**	**474**	**277**	**512**	**674**	**765**	**869**	**969**	**1.041**
YoY growth	*11.0%*	*32.6%*	*-41.5%*	*84.8%*	*31.7%*	*13.6%*	*13.6%*	*11.4%*	*7.5%*
GROSS MARGIN BY SEGMENT	**2021**	**2022**	**2023**	**2024**	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
Mercedes-Benz (MBZ)	**6.5%**	**7.0%**	**6.1%**	**5.6%**	**5.6%**	**5.6%**	**5.7%**	**5.7%**	**5.7%**
Car sales	5.9%	5.9%	4.4%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Spare part repairs, replacement	15.0%	19.4%	18.0%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%
Others	43.8%	53.8%	30.6%	87.3%	87.3%	87.3%	87.3%	87.3%	87.3%
Others (mainly Morris Garages - MG)	**5.0%**	**8.0%**	**12.5%**	**14.2%**	**13.7%**	**13.3%**	**12.9%**	**12.4%**	**11.9%**
Car sales	5.5%	7.5%	9.9%	13.8%	13.4%	13.0%	12.5%	12.0%	11.4%

Spare part repairs, replacement	-20.8%	4.2%	18.8%	12.5%	13.5%	14.5%	15.5%	16.5%	17.5%
Others	10.1%	23.7%	44.8%	81.0%	81.0%	81.0%	81.0%	81.0%	81.0%
Total HAX	**6.4%**	**7.0%**	**7.0%**	**9.3%**	**10.0%**	**10.1%**	**10.1%**	**10.1%**	**9.9%**

Source: HAX, RongViet Securities estimates

Table 31: Projected SG&A expenses/net sales (Back to page 6)

SG&A EXPENSES/NET SALES	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Mercedes-Benz (MBZ)	2.7%	2.8%	4.8%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Others (mainly Morris Garages - MG)	7.6%	14.1%	10.9%	7.7%	7.8%	7.9%	8.0%	8.0%	8.2%
Total HAX	**3.0%**	**3.1%**	**5.6%**	**5.7%**	**6.1%**	**6.3%**	**6.5%**	**6.7%**	**6.9%**

Source: HAX, RongViet Securities estimates

Table 32: Projected net margin (Back to page 6)

NET PROFIT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Total HAX	**160**	**239**	**34**	**125**	**137**	**143**	**155**	**164**	**163**
YoY growth	*28.8%*	*49.9%*	*-85.9%*	*269.9%*	*9.5%*	*4.3%*	*8.3%*	*6.1%*	*-0.9%*
NET MARGIN	**2021**	**2022**	**2023**	**2024**	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
Total HAX	**2.9%**	**3.5%**	**0.8%**	**2.3%**	**2.0%**	**1.9%**	**1.8%**	**1.7%**	**1.6%**

Source: HAX, RongViet Securities estimates

Table 33: Projected efficiency ratios (Back to page 7)

WORKING CAPITAL	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Receivable days	**6**	**7**	**12**	**13**	**12**	**12**	**11**	**11**	**10**
Mercedes-Benz (MBZ)	9	5	8	8	9	9	10	10	10
Others (mainly Morris Garages - MG)			42	20	18	16	14	14	12
Inventory days	**41**	**62**	**69**	**48**	**48**	**49**	**49**	**50**	**50**
Mercedes-Benz (MBZ)	41	59	59	51	51	51	51	51	51
Others (mainly Morris Garages - MG)			139	44	46	47	48	49	50
Payable days	**2**	**4**	**4**	**7**	**8**	**9**	**9**	**9**	**9**
Mercedes-Benz (MBZ)	2	2	4	5	6	7	7	7	7
Others (mainly Morris Garages - MG)			10	11	10	10	10	10	10

Source: HAX, RongViet Securities estimates

Table 24: HAX's annual cash dividends (Back to page 8)

	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Cash dividend (VND/share)	0	500	632	337	1,000	1,096	1,143	1,237	1,312
Dividend Payout Ratio	0.0%	15.5%	15.0%	93.3%	86.0%	86.0%	86.0%	86.0%	86.0%
Dividend Yield	0.0%	1.8%	3.9%	2.4%	5.9%	7.8%	8.2%	8.8%	9.4%

Source: HAX, RongViet Securities estimates

Company Report

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Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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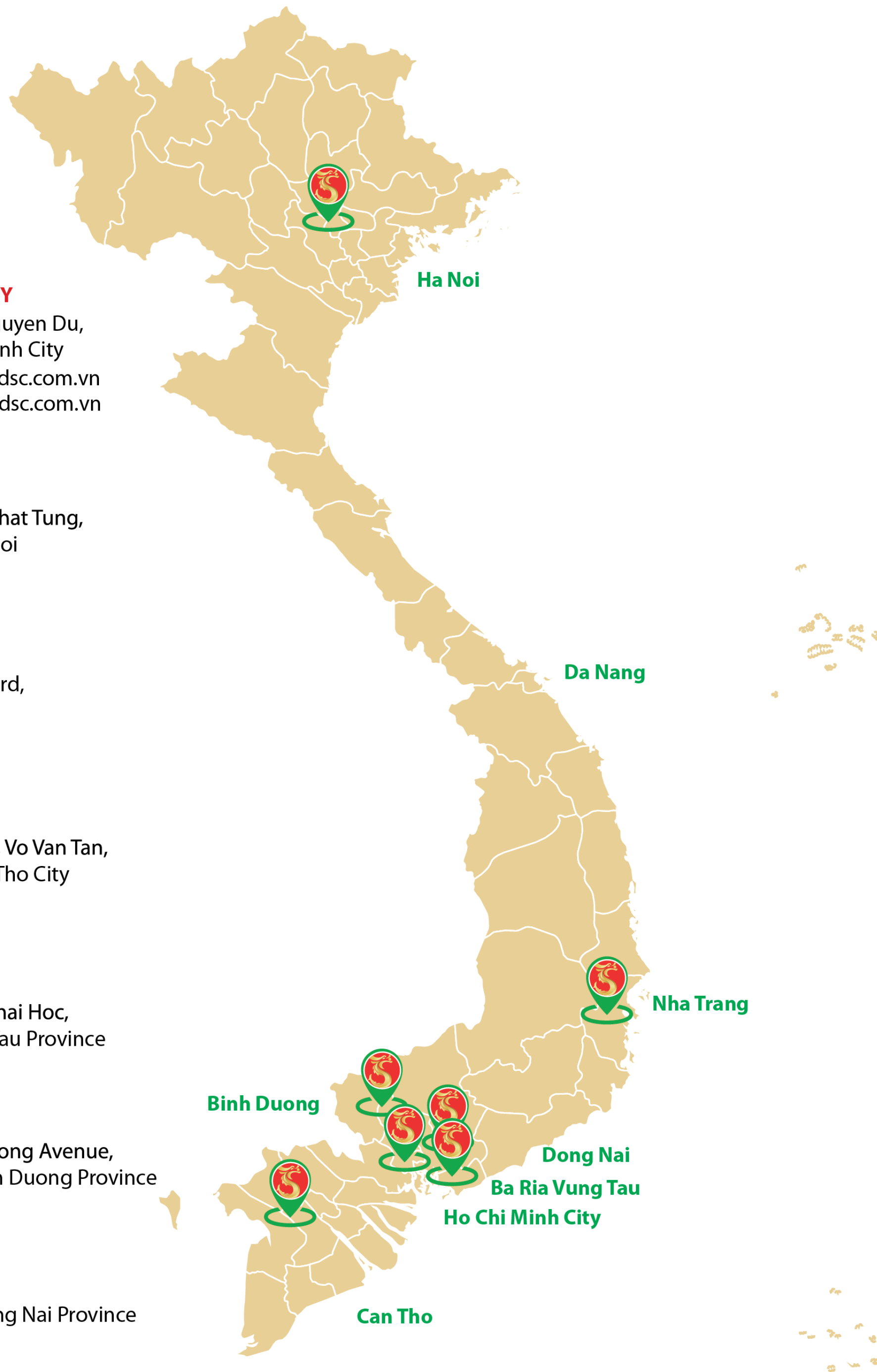

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