RATING ANNOUNCEMENT
26 September 2025

VIS Rating assigns first-time BBB+ issuer rating to Ba Na Cable, stable outlook

Hanoi, 26 September 2025 - VIS Rating has assigned a long-term issuer rating of BBB+ to Ba Na Service Cable Car Joint Stock Company (short name: Ba Na Cable or BNC). The outlook for BNC's BBB+ issuer rating is stable. This is the first time VIS Rating has assigned a rating to BNC.

RATING RATIONALE

BNC's BBB+ long-term issuer rating reflects its 'Average' standalone assessment, underpinned by its 'Above-Average' scale, 'Above-Average' business profile, 'Very Strong' profitability and efficiency, and 'Below-Average' leverage and coverage profile.

Established in 2007, BNC operates Sun World Ba Na Hills in Da Nang, one of Vietnam's most iconic tourism complexes with theme parks, cable cars, and hotels. Since 2016, its subsidiary — Fansipan Sa Pa Cable Car Services & Tourism Co., Ltd. (FSP) — operates Sun World Fansipan Legend in Sa Pa. BNC is a member of the Sun Group ecosystem, which is one of the largest corporate groups in Vietnam with operations in tourism, hospitality, and residential real estate sectors. BNC works closely with other Sun Group's affiliated companies on business development and operations.

BNC's 'Above-Average' Business Profile incorporates our view of its 'Below-Average' Industry Profile and 'Strong' Competitive Position and Diversification. Our view is underpinned by BNC's core business in the leisure, lodging & entertainment sector. We assign a 'Below-Average' score for Vietnam's leisure, lodging & entertainment sector, to reflect the sector's moderate entry barriers, low switching costs, and high competition from diverse service providers. While the sector growth prospects are robust and driven by strong growth in international arrivals and advancements in tourism infrastructure, the sector remains highly cyclical and sensitive to external shocks.

BNC's 'Strong' Competitive Position and Diversification score incorporates our view of its very strong market position and competitive advantage, strong operational efficiency, moderate diversification, and above average corporate execution. Over the past 20 years of operations, BNC has exhibited a track record of steady corporate execution in building and managing its core business, leveraging Sun Group resources for branding, marketing and business development, maintaining good cost efficiency. BNC's strategic project Sun World Ba Na Hills located in Da Nang — Vietnam's premier tourist destination and emerging financial-tech hub — benefits from strong appeal from both domestic and international visitors.

BNC's 'Above-Average' Scale rating reflects its position among Vietnam's top companies in the leisure, lodging & entertainment sector, with an average annual revenue of VND 4 - 5 trillion between 2022 and 2024, as well as the relatively moderate standing of this sector within the broader universe of Vietnamese corporations. We expect BNC's revenue to increase in the 2025 – 2027 period, driven by rising visitor numbers and its ability to adjust prices enabled by BNC's dominant market position in Da Nang and Sa Pa.

The company's key strength also lies in its very strong profitability, driven by a capital-intensive business model that has entered a stable operating phase. BNC's 'Very Strong' Profitability and Efficiency score is underpinned by its consolidated EBITDA margin (EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization), which has consistently exceeded 40% during 2022 - 2024. We expect steady growth in visitor numbers will push the EBITDA margin above 50% over the next 12–18 months — a level significantly higher than industry peers and among the highest of Vietnam's corporate universe.

BNC's overall credit assessment is constrained by its 'Below-Average' Leverage and Coverage profile, driven by 'Average' Leverage and 'Weak' Coverage score.

BNC's leverage has been rising in recent years. Debt/EBITDA increased from 4.2 times in 2023 to 7.3 times in 2024, primarily driven by capital expenditures to develop FSP's new real estate projects. BNC's debt leverage ratio is among the highest compared with peers Vinpearl Joint Stock Company (VPL), Tay Ninh Cable Car Tour Company (TCT) and Lam Dong Tourist Joint Stock Company (Dalattourist). We project its debt leverage ratio will continue to rise to 8.2 times by the end 2025 from new project development financing, before moderating in 2026 as FSP begins to deleverage. According to the management, FSP intends to sell its real estate inventory and repay its debt in 2026.

This debt expansion has led to the company's interest coverage and cash flow coverage being weaker compared to its peers VPL, TCT and Dalattourist. The 'Below-Average' Debt Coverage assessment reflects BNC's increase in debts during the 2024 and 2025 period, primarily due to elevated inventory in real estate projects and hotel projects, which will generate limited cash flow in the next 12 to 18 months. Interest coverage is also weak, driven by high annual interest payments on long-term debt. BNC's EBIT (Earnings before interest and taxes)/Interest Expense ratio has been the lowest among peers over the past three years.

Based on our assessment, BNC's liquidity risks over the next 12-18 months are manageable, driven by its strong cash flow from its core business and good access to credit lines from domestic commercial banks.

According to the management, BNC's loans are managed independently, with no repayment guarantees or commitments from affiliates or third parties. We do not factor in any potential external support from related entities or the government in meeting its debt obligations.

The outlook on BNC's long-term issuer rating is stable, reflecting our view that its credit fundamentals will remain stable over the next 12-18 months.

Factors that could lead to an upgrade

BNC's BBB+ issuer rating could be upgraded if the company maintains steady improvement in its operating cash flow and debt leverage and coverage ratios, for example, Debt/ EBITDA ratio of below 5x, or EBIT/ interest expense ratio of above 2x, or CFO (Operating cash flow)/ Debt ratio of above 20%.

Factors that could lead to a downgrade

BNC's BBB+ issuer rating could be downgraded if the company: (1) faces prolonged deterioration in the number of visitors, leading to weak operating cash flow; and/ or (2) fails to implement new businesses as planned and experiences significant deterioration in profitability and leverage and coverage metrics, for example, Debt/ EBITDA ratio rising above 11x; and/ or (3) we review the company's liquidity risk has increased due to limited access to bank financing or difficulties in refinancing at market rates.

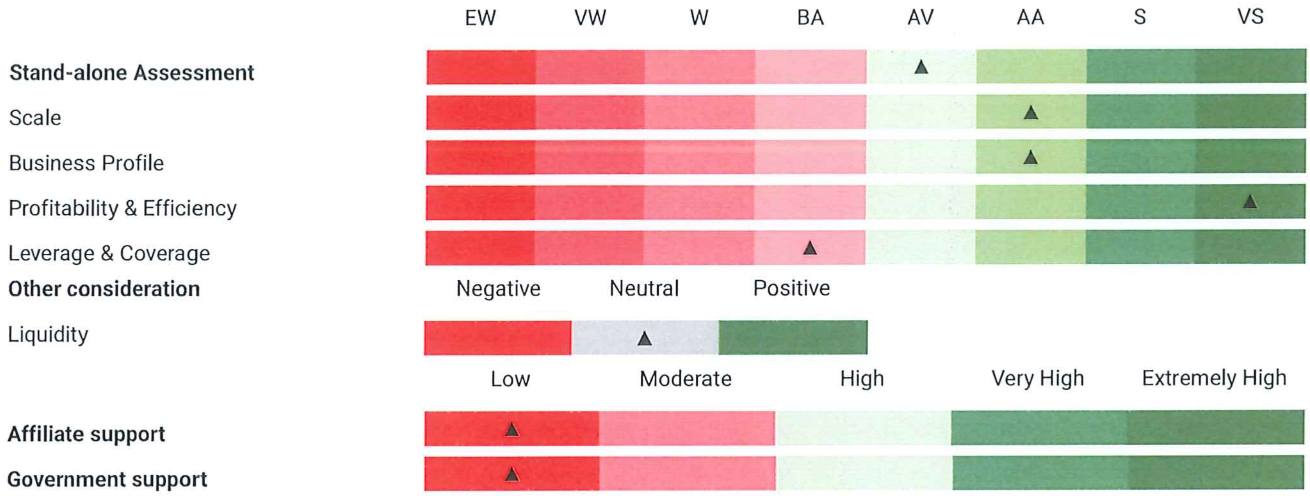
RATING METHODOLOGY

Rating Methodology: Non-Financial Corporates.

For detailed information, please see our full methodologies at:

https://visrating.com/how-to-get-rated/view/non-financial-corporates-rating-methodology.1

SUMMARY OF KEY FACTORS



Source: VIS Rating
Note: EW- Extremely Weak, VW- Very Weak, W- Weak, BA Below-Average, AV- Average, AA Above-Average, S- Strong, VS- Very Strong

CREDIT RATING HISTORY

Date	Rating type	Rating	Outlook	Action
26 September 2025	Long-term Issuer	BBB+	Stable	First-time assignment

RATING SCALE

Long-Term Rating

AAA	Issuers or debt instruments demonstrate the **strongest** creditworthiness relative to other domestic entities and transactions.
AA	Issuers or debt instruments demonstrate **very strong** creditworthiness relative to other domestic entities and transactions.
A	Issuers or debt instruments demonstrate **above-average** creditworthiness relative to other domestic entities and transactions.
BBB	Issuers or debt instruments demonstrate **average** creditworthiness relative to other domestic entities and transactions.
BB	Issuers or debt instruments demonstrate **below-average** creditworthiness relative to other domestic entities and transactions.
B	Issuers or debt instruments demonstrate **weak** creditworthiness relative to other domestic entities and transactions and may be approaching default, with strong recovery prospects.
CCC	Issuers or debt instruments demonstrate **very weak** creditworthiness relative to other domestic entities and transactions and are likely in or near default, typically with moderate recovery prospects.
CC	Issuers or debt instruments demonstrate **extremely weak** creditworthiness relative to other domestic entities and transactions and are typically in default, typically with poor recovery prospects.
C	Issuers or debt instruments demonstrate the **weakest** creditworthiness relative to other domestic entities and transactions and are typically in default, with very poor recovery prospects.

Note: VIS Rating appends the modifiers + and – to each generic rating classification from AA through CCC. The modifier + indicates that the obligation ranks in the higher end of its generic rating category; no modifier indicates a mid-range ranking; and the modifier – indicates a ranking in the lower end of that generic rating category

REGULATORY DISCLOSURES

For further specification of VIS Rating's Rating Symbols and Definitions, please see: https://visrating.com/how-to-get-rated/

BNC's ownership stake in VIS rating: 0%

The ownership ratio of BNC held by VIS Rating's staff: 0%

Cases in which analysts and credit rating council members cease their participation in the credit rating contract before the contract expires and the reason for the cessation: 0

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This rating is solicited.

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Vietnam Investors Service and Credit Rating Agency Joint Stock Company
Public Credit Rating Announcement No: VN0400585547-001-260925

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Simon Chen, CFA
Head of Ratings and Research
26 September 2025

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