

VIS Rating affirms Phenikaa's A issuer rating, stable outlook

Hanoi, 16 September 2025 – Vietnam Investors Service and Credit Rating Agency Joint Stock Company (VIS Rating) has affirmed A&A Green Phoenix Group Joint Stock Company (Phenikaa) A long-term issuer rating. The rating outlook remains stable.

RATING RATIONALE

The affirmation of Phenikaa's A long-term issuer rating with stable outlook reflects our expectation that Phenikaa will maintain its leading position in Vietnam quartz stone production, meaningful growth in its new education and healthcare businesses, and good access to domestic banks and capital markets to finance its new capital expenditures and manage its liquidity over the next 12-18 months.

A key strength of Phenikaa's credit profile is its strong profitability and operating cash flow, stemming from its core quartz stone business. The group's key competitive advantages in this business are underpinned by the high level of vertical integration in its production process, its commitment to innovate and create new products, and its well-established distribution network in the US market.

Like its competitors exporting to the US market, Phenikaa has been subject to an additional 10% tariffs on its exported products to the US. In 1H2025, total residential construction spending in the US slightly declined, impacting Phenikaa's US sales. Going forward, Phenikaa's sales of its key products including quartz countertop in the US will hinge on consumer demand and spending, and the extent of additional tariffs being imposed by the US authorities. The group expects forthcoming cuts in US interest rates will help to prop up consumer demand and stabilize sales in 2026.

Besides quartz stone, Phenikaa's education business has developed to be the group's second-largest revenue and profit contributor, with 2024 revenue rising 77% YoY to VND 665 billion, driven by robust university enrollments and annual tuition fee increases. In 2024, total university students grew 44% YoY to 26,000 and are projected to reach 34,000 in 2025, based on recent enrollment results. In 2026, the group will put a new dormitory and medical laboratory into operation on the Phenikaa University campus, further improving its infrastructure to accommodate an increasing number of students.

On healthcare, Phenikaa University Hospital started pilot operation in December 2024. Once the hospital begins full operation with a complete range of services, expected in November 2025, we view its utilization to improve, boosting operation efficiency over the next 12-18 months.

In 1H2025, Phenikaa's EBITDA (Earnings before interest, taxes, depreciation and amortization) margin declined to 37% from 43% in 2024, mainly due to hospital operating losses, resulting in weakened CFO (Cash flow from operations). However, the group's EBITDA margin remains very strong compared to Vietnamese corporate landscape and significantly higher than peer average of 12% in 2024. Over the next 12-18 months, we expect EBITDA margin to stabilize and CFO to improve, driven by higher profitability in education and lower losses in the healthcare business, in combination with strong profitability and cash flow from the quartz stone business.

We expect the total debt of the group to increase by 13-16% annually, and leverage, indicated by Debt/EBITDA, to increase from 3.0x in 2024 to 3.7-3.8x over the next 12-18 months. However, this leverage remains low compared to Vietnamese corporate landscape.

Over the next 12-18 months, we also view that Phenikaa's interest coverage, measured by EBIT (Earnings before interest and taxes)/ Interest expense, to decline to 2.6-2.8x due to higher debt levels, and CFO/Debt to be at 18-20% in 2025-2026, as operating cash flow of its core businesses strengthens.

We assess Phenikaa's liquidity risks in the next 12-18 months to be well-managed and largely mitigated by its strong operating cash flow and adequate stock of cash resources. Most of its short-term debt is to finance the group's working

capital, which is well-supported by credit lines from multiple banks. Its unused credit lines are equal to 105% of total short-term debts as of 2024. In a stress scenario where the group is unable to access new financing from banks, we expect the group to have sufficient internal sources of cash to repay all of its maturing debt.

We do not incorporate any affiliate support or government support in Phenikaa's issuer rating.

Phenikaa is a multi-sectoral corporate group comprising over 30 member companies that operate in Vietnam and globally. The group's core business involves the industrial production of countertop materials, in which the key product is quartz stone, which has been for sale in Vietnam and global markets since 2004. Since 2018, the group has expanded in the education and healthcare sectors in Vietnam. The group now operates Phenikaa University and Phenikaa School, with a total of two campuses in Hanoi, and launched its first medical facility, Phenikaa University Hospital, in Hanoi in December 2024.

Factors that could lead to an upgrade of the rating

Phenikaa's A issuer rating could be upgraded if the group demonstrates its ability to scale and improve the operating performance of both of its core and new businesses, and maintains a track record of strong financial metrics, including Debt/ EBITDA ratio of below 2x, EBIT/ interest expense ratio of above 5x, and CFO/ Debt ratio of above 35%.

Factors that could lead to a downgrade of the rating

Phenikaa's A issuer rating could be downgraded if the group (1) experiences significant and continued deterioration in the operating performance and cash flow generation in quartz stone business, for example, EBIT/ interest expense ratio falling below 2x, and CFO/ Debt ratio below 15%; (2) increases its leverage substantially in pursuit of growth in its new businesses, for example, Debt/ EBITDA ratio rising above 4.5x; and/or (3) begins to show increasing signs of liquidity risks, for example increasing reliance on short-term borrowings and 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/quy-trinh-xep-hang/xem-online/non-financial-corporates-rating-methodology.1>

SUMMARY OF KEY FACTORS



Source: VIS Rating

CREDIT RATING HISTORY

Date	Rating type	Rating	Outlook	Action
16 September 2024	Long-term Issuer	A	Stable	First-time assignment
16 September 2025	Long-term Issuer	A	Stable	Update

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: Vietnam Investors Service 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/>.

Phenikaa's ownership stake in VIS Rating: 0%

The ownership ratio of Phenikaa 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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