

VIS Rating assigns first-time BBB+ issuer rating to Tasco Auto Joint Stock Company, stable outlook

Hanoi, 21 October 2025 – Vietnam Investors Service and Credit Rating Agency Joint Stock Company (VIS Rating) has assigned a long-term issuer rating of BBB+ to Tasco Auto Joint Stock Company (Tasco Auto). The outlook on Tasco Auto's BBB+ issuer rating is stable. This is the first time VIS Rating has assigned a rating to Tasco Auto.

RATING RATIONALE

Tasco Auto's BBB+ long-term issuer rating reflects its 'Average' standalone assessment, underpinned by its 'Very Strong' Scale, 'Above-Average' Business Profile, 'Average' Leverage and Coverage, and 'Below-Average' Profitability and Efficiency.

Tasco Auto, a subsidiary of Tasco Joint Stock Company (HUT, BBB+ stable), is a holding company that owns the largest automotive dealership, distribution and service network in Vietnam. The company's business is operated and managed under its key subsidiaries, including Saigon General Service Corporation (Savico) – the owner of Vietnam's leading, long-established multi-brand automotive dealership network, Sweden Auto Company Limited – the sole importer and distributor of Volvo in Vietnam, Greenlynk Automotives Joint Stock Company – the sole importer and distributor of Lynk & Co in Vietnam, and Tasco Auto Distribution Ltd Company – the sole importer and distributor of Geely in Vietnam.

We assess Tasco Auto's Business Profile score to be 'Above-Average', incorporating the company's 'Strong' Competitive Position and Diversification, and the 'Average' Industry Profile of the company's core business in the automobile sector.

The 'Average' Industry Profile score reflects the key characteristics of Vietnam's automotive industry, including a moderate barrier to entry and a positive growth outlook, but operating under high competition and a high level of business volatility.

The automotive industry is moderately regulated, mainly by government tax and fee policies. The sector is also capital-intensive, requiring CAPEX and working capital for manufacturing and showroom facilities. Competition in the sector is intense, with multiple distributors for each car brand. As a result, customers face minimal switching costs.

In Vietnam, the automotive sector exhibits high volatility in business performance, as car prices are significantly high relative to income, leading to fluctuations in demand that follow macroeconomic factors. Over the next 12-18 months, we anticipate that the sector outlook will improve, supported by Vietnam's low car ownership and robust economic growth in 2025-2026. In addition, the rapid growth of the middle class, government incentives for electric vehicles, combined with the development of transportation infrastructure – particularly the expansion of new highways – will create favorable conditions to drive the growth of the automotive market.

We assess Tasco Auto to have a 'Strong' Competitive Position and Diversification based on its strong market position, competitive advantage, and business diversification in the automotive sector.

Tasco Auto operates one of Vietnam's largest showroom networks, with 150 nationwide showrooms, accounting for approximately 10-15% of Vietnam's total passenger car sales volume from 2024 to 6M2025, outperforming most other automotive retailers, which typically have a market share of less than 1%. Over 2023-2024, it generated annual revenue of VND 24-28 trillion, reflecting its 'Very Strong' Scale. By end-2025, the company aims to expand to 180 showrooms, driven by new openings for Geely and Lynk & Co, further strengthening its scale and market position.

Tasco Auto has established a vertically integrated automotive ecosystem throughout the vehicle's lifecycle, encompassing new car distribution, used car trading, warranty – repair – maintenance services, roadside assistance, vehicle registration and inspection, car care, car loan and insurance consultancy, and other professional after-sales services. Besides, the company effectively leverages HUT's diversified ecosystem to enhance customer experience and loyalty. Through the comprehensive VETC Loyalty program, customers earn reward points via the VETC e-wallet, a digital payment platform operated by a HUT subsidiary. These reward points can be used to pay for ETC (electronic toll collection) service fees,

purchase vehicles, access services across all Tasco Auto showrooms nationwide, and enjoy premium resort experiences at Ana Mandara Dalat and Six Senses Ninh Van Bay, both invested by HUT.

The company is also targeting a move upstream in the automotive value chain by cooperating with Geely, the top 10 global carmakers, in investing in an automotive CKD (completely knocked down) assembly factory, which has a capacity of 75,000 units per year, scheduled for 2026, serving both domestic and export markets.

Tasco Auto has a wide portfolio of car models, comprising 16 auto brands, including some top-selling brands such as Toyota, Ford, and Mitsubishi, compared to an average of 6 brands distributed by the remaining top 5 retailers. Compared to its peers, Tasco Auto has a higher inventory turnover, showing above-average operational efficiency. Tasco Auto's proven capabilities in distributing auto brands across premium to budget segments enable it to wield high bargaining power with car manufacturers and support the expansion of showrooms for new brands.

Tasco Auto's 'Below-Average' Profitability and Efficiency score reflects its average EBITDA margin of 5% in 2025-2027, underpinned by a thin-margin automotive retail dealership business. We expect Tasco Auto's profitability to improve in 2025-2027, supported by increasing demand and sales volume following the expansion of its showroom network for higher-margin car brands, for which Tasco Auto holds sole distribution rights (Lynk & Co, Geely, and Volvo).

Furthermore, we expect Tasco Auto's profit margin to improve further after its automotive CKD assembly factory's manufacturing operations achieve high-capacity utilization beyond 2026 and Tasco Auto successfully transforms into an integrated automotive manufacturer, distributor, and dealer. This will help Tasco Auto cut costs and improve the margin of these car models.

We view Tasco Auto's Leverage and Coverage score to be 'Average', driven by its 'Above-Average' Leverage score and 'Below-Average' Coverage score.

Tasco Auto's 'Above-average' Leverage score is reflected by the average Debt/EBITDA ratio of around 5.5x in 2025-2027. We expect Tasco Auto's leverage to remain stable, as the EBITDA growth rate of 39% annually is expected to mitigate new debt growth over the next 12-18 months. The company is expected to increase debt financing to fund capital expenditure (CAPEX), including a VND 2.3 trillion loan for the assembly factory, and a VND 840 billion loan to expand its Link & Co and Geely showroom network during the 2025-2026 period.

Tasco Auto's 'Below-average' Coverage score is mainly driven by its thin profitability, increasing debts and interest expenses. We expect Tasco Auto's interest coverage, measured by EBIT (Earnings before Interest and Taxes)/Interest expense, to remain at relatively low levels of 1.5-2.3x in the next 12-18 months. Its CFO (Cash from Operations)/Debt is expected to be 4-6% for 2025-2026, which remains lower than its peers' due to increasing working capital for showroom expansion.

Tasco Auto's exposure to liquidity risk over the next 12-18 months is driven by its large short-term debt to fund working capital and CAPEX disbursement. We view the risks are well-managed and mitigated by good access to credit facilities from multiple large banks.

The company utilizes revolving credit facilities to finance working capital, which is well-supported by credit lines from multiple banks. As of the end of 2024, the company's total short-term debts, excluding maturing long-term debt, accounted for 36% of its short-term credit lines. These substantial credit facilities allow Tasco Auto to fund its working capital needs and mitigate liquidity shortages.

To finance CAPEX, the company successfully issued a VND 190 billion bond in April 2025. In addition, according to the management, Tasco Auto received VND 958 billion of new equity contributed by HUT in Q3/2025, supported by HUT's latest successful share issuance. Going forward, its debt repayment capacity will continue to rely on the business performance in its core automotive business, especially from the assembly factory.

We do not incorporate any affiliate support uplift or government support uplift in Tasco Auto's issuer rating.

Factors that could lead to an upgrade of the rating

Tasco Auto's BBB+ issuer rating could be upgraded if the company demonstrates its ability to scale and improve the operating performance of both of its core and new car brands, and maintains a track record of strong financial metrics, including EBITDA margin consistently remaining above 10%, Debt/EBITDA below 5x, and CFO/Debt ratio consistently above 10%.

Factors that could lead to a downgrade of the rating

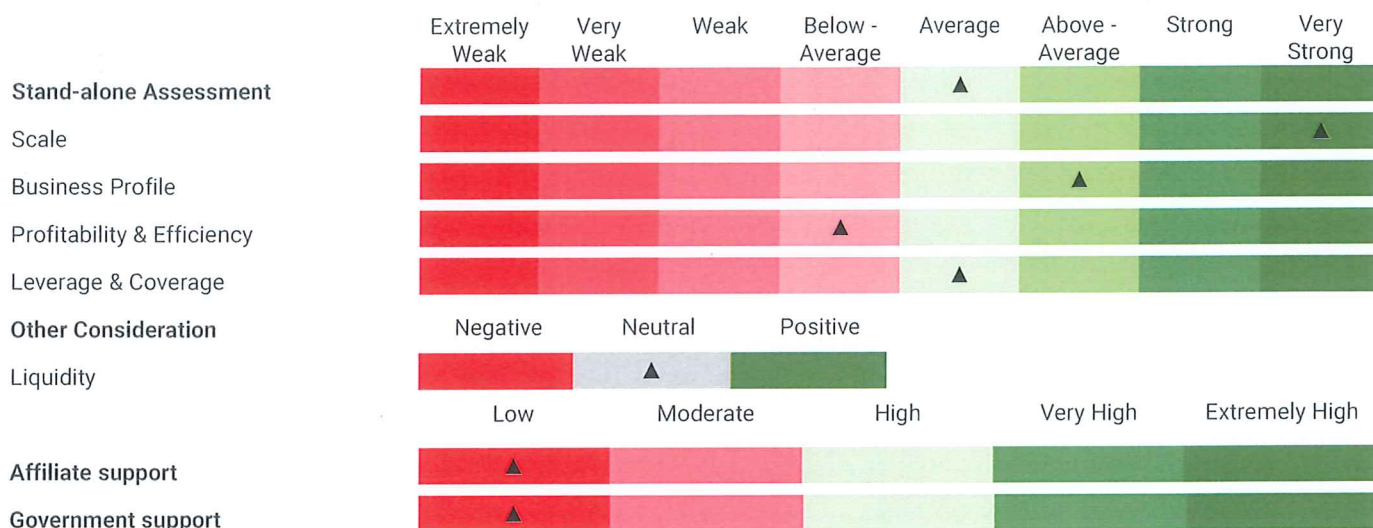
Tasco Auto's BBB+ issuer rating could be downgraded if (1) the company embarks on aggressive business growth or acquisition, resulting in further weakening of its leverage and coverage metrics, for example, Debt/EBITDA above 8.0x and CFO/Debt below 5%, or (2) the company's liquidity risks increase considerably 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/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
21 October 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: 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

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Vietnam Investors Service and Credit Rating Agency Joint Stock Company

Public Credit Rating Announcement No: VN0109793371-001-211025



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21 October 2025

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