

VIS Rating affirms HUT's BBB+ issuer rating, stable outlook

Hanoi, 09 December 2025 – Vietnam Investors Service and Credit Rating Agency Joint Stock Company (VIS Rating) has affirmed Tasco Joint Stock Company (HUT) BBB+ long-term issuer rating. The rating outlook remains stable.

RATING RATIONALE

The affirmation of HUT's BBB+ long-term issuer rating with stable outlook reflects our expectation that profits and operating cash flow from its core businesses will remain robust over the next 12-18 months. At the same time, liquidity risks will remain well-managed and supported by continued access to domestic banks and domestic capital markets for its funding needs.

The affirmation also incorporates our view that HUT's planned acquisition of DNP Holding Joint Stock Company (DNP) will not materially affect its credit profile and debt serviceability.

HUT's core businesses are organized in four main segments: (1) automotive dealership and distribution (via Tasco Auto (BBB+ Stable)) – contributing over 90% of total revenue in 2023-2025; (2) infrastructure operations (BOT toll road projects) and electronic toll collection (via Vietnam Electronic Toll Collection (VETC)), (3) residential and hospitality real estate development and sales (via Tasco Land, Ninh Van Bay Travel Real Estate Joint Stock Company), and (4) non-life insurance (via Tasco Insurance).

Since 2024, HUT reinforced its market-leading position in the automobile distribution sector by expanding its showroom network from 106 to 150 showrooms, accounting for 10-15% of Vietnam's total passenger car sales – well above peers, each with less than 1% market share.

By end-2025, HUT targets 180 showrooms, driven by new openings for Geely and Lynk & Co. The group is collaborating with Geely to invest in a CKD assembly plant with 75,000-unit annual capacity by 2026, serving domestic and export markets.

Further margin improvement is expected after the automotive CKD assembly factory achieves high-capacity utilization beyond 2026, enabling Tasco Auto's transformation into an integrated manufacturer, distributor, and dealer. Its key competitive advantages stem from its vertically integrated ecosystem covering new and used car sales, after-sales services, financing, and insurance.

Tasco Insurance is HUT's second-largest revenue contributor, generating VND 436 billion in 1H2025 (+719% YoY). Leveraging HUT's extensive showroom network and customer base, the company has become one of Vietnam's top 10 auto insurers within two years of operation. Over the next 12–18 months, we expect Tasco Insurance to maintain annual revenue growth above the sector average, supported by new product development and expanded distribution channels, particularly through bancassurance and its nationwide branch network.

VETC delivered solid growth with revenue rising by 13% YoY in 1H2025 (2024: 11.6% YoY). Beyond toll fee collection for new BOT projects, VETC is investing in technology and CAPEX to expand into parking fee collection in airports, gas stations, major cities, and industrial parks. We expect this diversification to accelerate revenue growth to 16–20% in 2026–2027.

HUT's EBITDA margin remained stable at around 7% in 2024–1H2025. We expect profitability to improve over the next 12–18 months, driven by annual sales growth of around 20% and gross margin expansion to around 8% for its automobile distribution business. These gains reflect the continued growth of the showroom network for higher-margin brands where Tasco Auto holds sole distribution rights (Lynk & Co, Geely, Volvo).

In October 2025, HUT announced plans to acquire a 65% equity stake in DNP by 2026. DNP operates in consumer-related manufacturing, including clean water supply (16% of 2024 revenue), water supply materials (39%), household appliances (9%), packaging (17%), and tiles (19%).

The acquisition aims to create operational and organizational synergies between the two companies, which already share close management ties and common shareholders.

Following the acquisition of DNP, we estimate HUT's consolidated revenue will rise significantly. EBITDA margins are expected to improve slightly to 8–10%, supported by DNP's higher-margin businesses.

Leverage and coverage metrics should remain broadly stable. Over the next 12–18 months, capital expenditures for new projects will likely drive additional debt financing; however, stronger revenue growth may reduce the Debt/EBITDA ratio to around 5x, compared with 6x in 2024.

Operating cash flow is expected to weaken due to significant cash outlays for showroom expansion and new project development, resulting in deterioration of the CFO/Debt ratio. Interest coverage may also decline slightly from a higher debt balance. Nonetheless, both metrics are projected to remain within the range appropriate for HUT's current rating level.

HUT's liquidity risk over the next 12–18 months primarily stems from substantial short-term debt used to fund working capital for Tasco Auto's automobile distribution business and DNP's manufacturing operations post-acquisition. We view these risks as well-managed, supported by strong access to credit facilities from multiple large domestic banks.

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

Factors that could lead to an upgrade of the rating

HUT's BBB+ issuer rating could be upgraded (1) the company successfully expands into upstream manufacturing and assembly, maintaining consistently higher margins with larger revenue contribution by these activities, (2) develops its new business segments, including real estate and financial services, commanding higher margins and maintaining steady growth in new business transactions and market position that result in better credit metrics, for example, EBITDA margin consistently remains above 10%, Debt/EBITDA below 5x, and CFO/Debt ratio consistently above 10%.

Factors that could lead to a downgrade of the rating

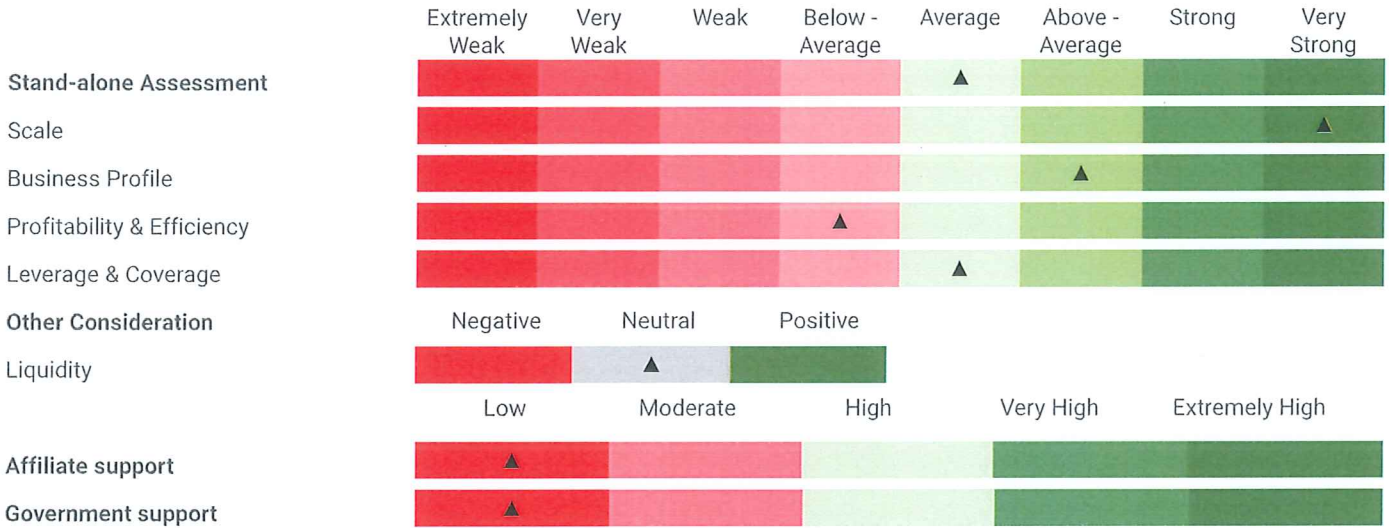
HUT's BBB+ issuer rating could be downgraded if the: (1) the company significantly increase leverage for business expansion, resulting in further weakening of its leverage and coverage metrics, for example, Debt/EBITDA above 8x and CFO/Debt below 5%, or (2) the company's liquidity risks considerably increase in the group or parent company level due to significant decline in cash flow.

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
04 December 2024	Long-term Issuer	BBB+	Stable	First-time assignment
09 December 2025	Long-term Issuer	BBB+	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

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HUT's ownership stake in VIS Rating: 0%

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

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