Ha Do Group JSC (HDG)

Provision expenses drag on earnings despite solid revenue growth – [Missed]

- 1Q26 net profit (NP) dropped 67.8% YoY to VND50bn (USD1.9mn), mainly due to a sharp increase in SG&A expenses, which was driven by provision expenses related to the Infra 1 solar plant.
- 1Q26 NP was significantly below our expectation at only 2.3% of our full-year forecast, implying pressure on our FY26 earnings forecast.
- We see downward pressure on our current target price, which we will update after further review.

Power segment remained stable, but hydropower growth momentum moderated

1Q26 power revenue inched up 1.1% YoY to VND508bn (USD19.5mn), while power gross profit slightly declined 0.6% YoY to VND354bn (USD13.6mn). The power segment remained HDG's key contributor, accounting for 74% of total revenue and 80% of total gross profit in 1Q26. However, growth momentum moderated after a strong 2025, likely reflecting less favorable hydrology conditions compared to the high base in the same period last year.

Property segment resumed its contribution from a low base

The property segment recorded VND49bn (USD1.9mn) in revenue in 1Q26 vs no meaningful contribution in 1Q25, while gross profit rose 148.6% YoY to VND43bn (USD1.7mn). The recovery was likely supported by the initial handover of Charm Villas 3, though the contribution remained modest relative to HDG's FY26 plan. We believe Charm Villas 3 will remain the key driver for the property segment in 2026, but the pace of handover will be critical to earnings delivery.

Provision expenses weighed heavily on the bottom line

SG&A expenses surged 363.9% YoY to VND260bn (USD10.0mn) in 1Q26, reaching 70.4% of our full-year forecast, mainly due to provision expenses for the Infra 1 solar plant related to the COD-to-CCA period. Meanwhile, net financial expenses declined 45.2% YoY to VND51bn (USD2.0mn), partly offsetting the SG&A pressure.

1Q26 NP missed our expectation due to provision expenses

Overall, 1Q26 revenue increased 14.3% YoY to VND684bn (USD26.3mn), supported by stable power revenue and the resumption of property booking, while NPAT-MI fell 67.8% YoY to VND50bn (USD1.9mn) due to limited property earnings contribution and provision expenses for Infra 1. This bottom line missed our expectations as property earnings remained limited, but we expect stronger bookings from this segment in the later quarters of 2026.

VNDbn	1Q25	1Q26	% YoY	% vs full year VND's forecast
Net sales	**599**	**684**	**14.3%**	**15.5%**
- Property	*-*	*49*	*100.0%*	*2.8%*
- Power	*503*	*508*	*1.1%*	*23.5%*
- Hospitality & Office leasing	*116*	*127*	*9.2%*	*26.9%*
Gross profit	**401**	**442**	**10.3%**	**14.6%**
- Property	*17*	*43*	*148.6%*	*3.3%*
- Power	*356*	*354*	*-0.6%*	*23.4%*
- Hospitality & Office leasing	*51*	*45*	*-12.1%*	*20.3%*
SG&A	56	260	363.9%	70.4%
Net financial income / (expenses)	(93)	(51)	-45.2%	-21.7%
PBT	229	124	-45.9%	4.3%
NPAT-MI	**155**	**50**	**-67.8%**	**2.3%**
GPM	67.0%	64.6%	-2.3% pts	
NPM	25.9%	7.3%	-18.6% pts	

DISCLAIMER

Phuong Hoang Viet – Director of Research and Investment Advisory
Email: phuong.hoangviet@vndirect.com.vn

Hai Nguyen Ngoc – Head of Energy and Chemical
Email: hai.nguyenngoc2@vndirect.com.vn

Tuan Pham Anh Nguyen – Analyst
Email: tuan.nguyenanh11@vndirect.com.vn

VNDIRECT Securities Corporation
1 Nguyen Thuong Hien Str – Hai Ba Trung Ward – Ha Noi
Tel: +84 2439724568
Email: research@vndirect.com.vn
Website: https://vndirect.com.vn