Initiation Report

TNG · TNG Investment and Trading Joint Stock Company

HNX listed · IPO 2007

INVESTMENT SUMMARY

We view **TNG** as the leading private textile and garment company in northern Vietnam, with a strong customer base across the **US and EU** (Decathlon ~30% of revenue, Columbia, H&M, The North Face) that fills capacity **through October–November 2026**, underpinned by large-scale production (367 lines, 18,872 employees). Despite tariff pressure, 2025 results set a record with revenue of **VND 8,699 bn (+13.6%)** and NPAT of **VND 393 bn (+24.9%)**. The growth momentum has continued, with revenue in the first five months of 2026 reaching **VND 3,815 bn (+23.0% YoY)**. The key risk is high financial leverage (net debt ~1.7x equity at end-Q1/2026), which is expected to decline gradually after the redemption of VND 300 bn in bonds in May 2026. At a **P/E of ~5.9x** (TTM, EPS ~VND 3,185) — well below the ~7.5x historical average — the current valuation already prices in most of the risk. Should deleveraging and US tariff negotiations after 24 July 2026 proceed favorably, TNG shares have **room for a positive re-rating**.

INVESTMENT THESIS

01 Secured revenue visibility

Long-standing partners (Decathlon ~30% of revenue, Columbia ~8%, Asmara, Haddad) and new customers (H&M, The North Face, LIDL, Walmart) help **fill capacity through October–November 2026**. The FOB model (over 80% of revenue) gives the company control over raw materials and optimizes margins.

02 Automation & product upgrading

TNG leads on automation (**58 automated overhead conveyor lines**, AGV robots, an in-house ERP system). A strategy focused on high-tech products (down jackets, seam sealing) builds solid entry barriers and supports the target of **USD 1 bn in revenue by 2031**.

03 Beneficiary of supply-chain relocation

TNG is well positioned to capture orders shifting away from China and Bangladesh thanks to strict **ESG** compliance (LEED/LOTUS-certified factories, biomass boilers) — a prerequisite for accessing tier-1 brands such as Nike and Adidas.

04 Valuation discount versus history

At a **P/E of ~5.9x** — below its history (~7.5x) and the sector (~6x) despite leading ROE (~20%) — the valuation has room to improve if deleveraging and US tariff negotiations (after 24 July 2026) go well. In addition, the **20% cash dividend (2025)** further reinforces the margin of safety.

KEY RISKS

01 Highest financial leverage in the sector

Outstanding debt reached **VND 4,271 bn** at end-Q1/2026 (net debt ~1.7x equity) — the highest leverage among listed textile peers, leaving earnings more sensitive to funding costs. On the positive side, this pressure is easing as the company has just repaid VND 300 bn of TNG122017 bonds on schedule in May 2026.

02 US trade policy

The US accounts for **~42% of total revenue**. Trade-barrier risk is present, with a provisional 10% tariff (which may rise to 15% after 24 July 2026) and a Section 301 investigation launched in March 2026.

03 Rules of origin

About **60% of input fabric** must be imported as specified by customers (more than half from China). This limits the ability to fully capture tariff preferences under EVFTA/CPTPP and carries the risk of being classified as transshipped goods when exporting to the US.

04 Margin & receivables pressure

The gross margin in Q1/2026 narrowed to **12.1%** as labor and raw material (polyester fabric) costs rose 15–20%. Investors should also note the risk of provisions on receivables from financially distressed partners (the precedent of The Children's Place) and the risk of capital dispersion from non-core investment in TNG Land.

TRADING INFORMATION

Market cap	**2.407** VND bn
Shares outstanding	**128,7** mn shares
52W high/low	**26.170 / 16.650**
P/E · P/B	**5,9x / 1,2x**

OWNERSHIP STRUCTURE

Nguyen Van Thoi (founder)	**19,2%**
Nguyen Duc Manh (Chairman)	**12,0%**
Foreign ownership (mid-2026)	**22,2%**
Number of shareholders	**12.896**

COMPANY INFORMATION

Industry	**Textile & Garment**
Charter capital	**1.287** VND bn
Number of employees	**18.872**
Headquarters	**Thai Nguyen City**

1. Company Profile

1.1. Profile & Business Model

The leading private garment exporter in northern Vietnam.

TNG (formerly Bac Thai Garment Enterprise, established 1979) is a garment exporter with a history of nearly 50 years, headquartered in Thai Nguyen City. The company was equitized in 2003 and listed on HNX in 2007, with current charter capital of VND 1,287 bn. Its core business is **export garment manufacturing (~99% of revenue)**, with flagship products including jackets, trousers and children's apparel — output exceeds 50 million units per year, exported to **50 countries and territories** — led by the Americas (~49% of 2025 revenue, with the US alone accounting for 42.4% of export turnover) and Europe (~43%).

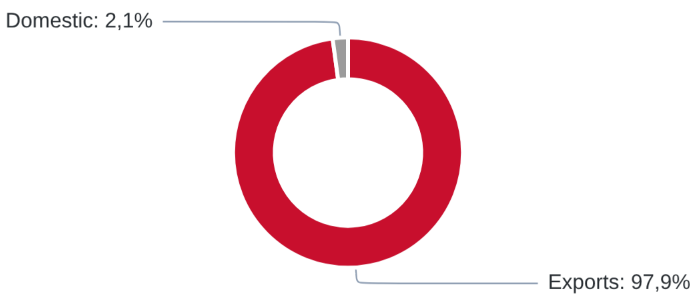
PRODUCTION LINES	EMPLOYEES	2025 REVENUE	LARGEST CUSTOMER
367	**18.872**	**8.699**	**~30%**
largest among listed peers	people · 18 branches (31/12/2025)	VND bn · +13.6% YoY	of revenue from Decathlon (EU)

Production model: TNG manufactures under the **tier-1 FOB model (over 80% of revenue)** — sourcing raw materials per customer specifications and producing on a turnkey basis — and **CMT** — receiving materials from customers. FOB carries higher unit prices and better gross margins than CMT, but requires large working capital to import raw materials for production (consistent with the "working-capital supplement" loan purpose stated in the audited financial statement notes). Beyond garments, TNG also leases infrastructure at the Son Cam 1 Industrial Zone (70 ha) and invests in real estate through its associate TNG Land (48.8%).

The revenue mix strongly reflects the company's export orientation: in 2025, **exports contributed 97.9% of revenue** (VND 8,512 bn) while domestic sales accounted for just 2.1% (VND 186 bn) — TNG has placed nearly its entire scale on international markets, in return for large orders and growth tied to global trade. By region, **the Americas accounted for 49.0% and Europe 43.0%** — two relatively balanced pillars that reduce concentration risk; the remainder came from Asia (7.6%).

2025 revenue mix by type

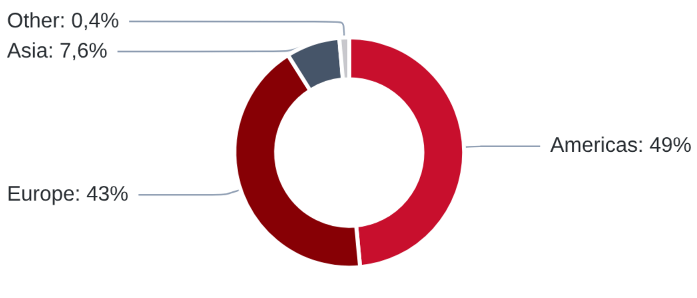
(% of revenue)



Source: TCBS compilation

2025 revenue mix by region

(% of revenue)

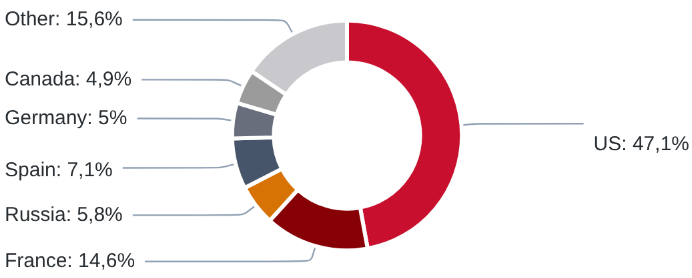


Source: TCBS compilation

Looking at individual markets, the 2025 mix shows a **clear diversification effort**: the US share fell from 47.1% (2024) to **42.4%**, while France — the market tied to strategic customer Decathlon — rose from 14.6% to **17.5%** and Russia climbed to 7.7% (from 5.8%). The gradual reduction in dependence on the US market is an important buffer against tariff scenarios, even though the US remains the market that determines the company's growth trajectory.

2024 export markets

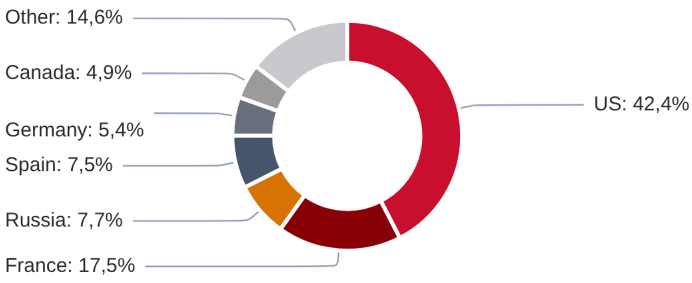
(% of turnover · top 6 markets, remainder grouped as Other)



Source: TCBS compilation

2025 export markets

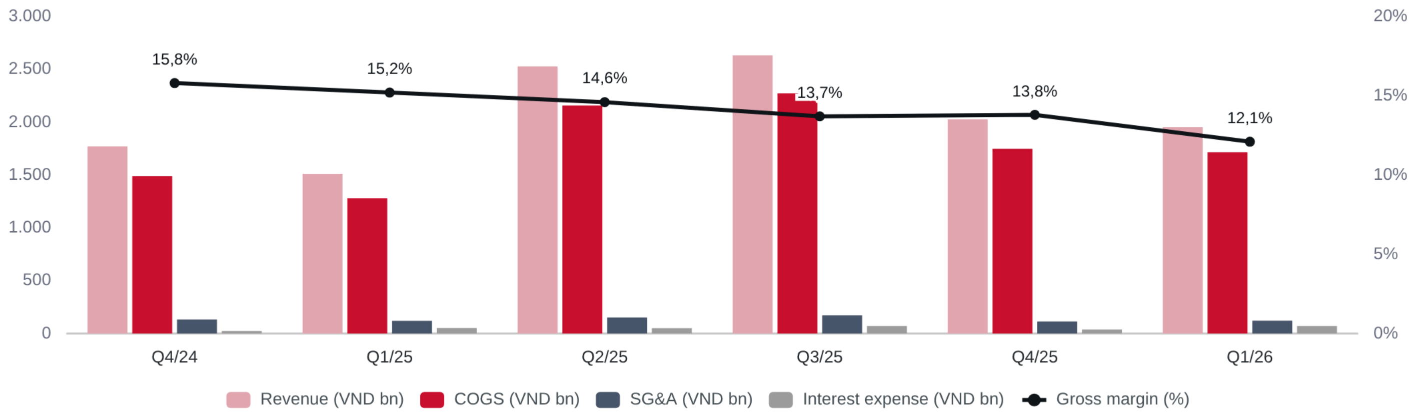
(% of turnover · top 6 markets, remainder grouped as Other)



Source: TCBS compilation

Revenue, costs & gross margin by quarter

(VND bn · % · last 6 quarters)



Source: TCBS compilation

On a quarterly basis, **revenue has maintained a clear upward trend**: from VND 1,771 bn (Q4/2024) to a peak of VND 2,528–2,633 bn in Q2–Q3/2025 — the peak shipping season — and VND 1,952 bn in Q1/2026 (+29.2% YoY, the highest first quarter in five years). However, **cost of goods sold tracked closely and rose faster than revenue** (+34.0% YoY in Q1/2026 versus +29.2% for revenue), causing the **gross margin to narrow markedly over the past six quarters** from 15.8% (Q4/2024) to 12.1% (Q1/2026): input cost increases (worker wages, polyester fabric) are outpacing the company's ability to pass them through to selling prices. On the positive side, **selling, general & administrative expenses are well controlled**: ranging narrowly between VND 114–172 bn per quarter, with the ratio to revenue falling from 8.0% to 6.3%. By contrast, **interest expense was the most volatile** — rising from VND 23 bn to VND 71 bn per quarter in line with the working-capital borrowing cycle for raw material imports; Q1/2026 alone reached VND 71 bn, roughly 3x Q4/2024, reflecting higher debt as orders concentrate in the first half of the year. For full-year 2025, raw materials accounted for ~55% of production costs and labor ~35%; COGS equated to ~86% of revenue — the cost-intensive profile characteristic of the FOB model.

1.2. Corporate History

1979 Establishment of Bac Thai Garment Enterprise

A state-owned enterprise specializing in children's apparel and protective workwear, with aid from East Germany.

2003 Equitization

Converted into Thai Nguyen Garment Export Joint Stock Company in preparation for listing.

2007 HNX listing

Renamed TNG Investment and Trading JSC, with shares traded on HNX.

2006–2018 Factory network expansion

Successively built the Song Cong (2006), Phu Binh (2010) and Dai Tu (2013) factories and acquired the Dong Hy factory (2018).

2019–2021 Expansion into real estate

Developed the TNG Village apartment complex (2019) and the 70-ha Son Cam 1 Industrial Zone (2021).

2023–2024 Automation & restructuring

Established the TOT automation branch (2023); divested TNG Land down to 48.8% — concentrating resources on the core garment business.

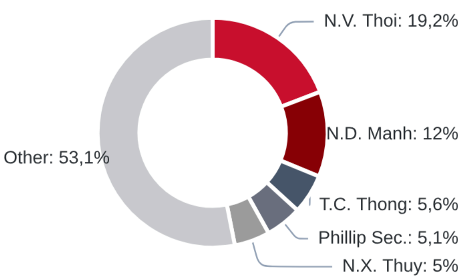
04/2026 Leadership generational handover

Mr. Nguyen Duc Manh took over as Chairman of the Board from founder Nguyen Van Thoi at the AGM on 19/04/2026.

1.3. Ownership Structure

Ownership structure

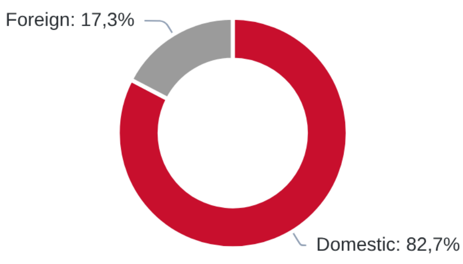
(% of charter capital)



Source: TCBS compilation

Shareholders by region

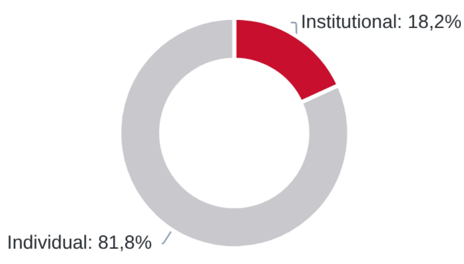
(% of shares · as of 26/01/2026)



Source: TCBS compilation

Institutional / individual

(% of shares · as of 26/01/2026)



Source: TCBS compilation

The shareholder base is relatively dispersed: the founding family and management hold ~37% (Mr. Nguyen Van Thoi 19.2%, Mr. Nguyen Duc Manh 12.0%, Mr. Tran Canh Thong 5.6%), while foreign investors own ~22.2% (mid-2026) — a high free float that places the stock among the more liquid names on HNX.

TNG share trading information for 2025

Metric	Value
Highest closing price	VND 22,780 (03/01/2025)
Lowest closing price	VND 13,300 (09/04/2025)
Average daily trading volume	1,242,120 shares
Total matched volume for the year	306.8 million shares
Shares outstanding	128,731,266 shares
Market cap at 31/12/2025	VND 2,343 bn

According to the shareholder register as of 26/01/2026, TNG has **12,896 shareholders**; the 10 largest hold **39.55%** (including major foreign institutions such as Norges Bank ~5.1% and Phillip Securities ~5.1%), with **no State ownership at all**. Foreign investors hold 17.34% — almost entirely institutional (16.55%) — and continued raising this to ~22.2% by mid-2026. The 2025 price range was wide (VND 13,300–22,780): the trough on 09/04/2025 coincided with the US announcement of reciprocal tariffs — a clear illustration of the stock's sensitivity to the tariff variable.

1.4. Dividend History

TNG has a track record of steady dividend payments of **16–20% of par value** over the past decade, accompanied by a strategic shift in distribution mix. In 2015–2018, the company paid **100% in stock** (20% per year) to accumulate retained earnings to fund factory expansion; in 2019–2023 it applied a mixed policy (8% cash and 8% stock). Notably, from 2024 TNG shifted entirely to **cash dividends at 20% per year** (the 2025 dividend was disbursed in four 5% tranches, completed in May 2026). This policy delivers a **dividend yield of approximately 11%** at market price, positioning TNG among the most attractive yield names on the listed market. This distribution turning point reflects abundant operating cash flow after the company completed its major capacity investment (CAPEX) cycle, while decisively addressing the ownership dilution risk that had persisted for many prior years.

Dividend history by year

Year	Cash	Stock	Total (% of par)
2015	–	20%	20%
2016	–	20%	20%
2017	–	20%	20%
2018	–	20%	20%
2019	8%	8%	16%
2020	8%	8%	16%
2021	8%	8%	16%
2022	8%	8%	16%
2023	8%	8%	16%
2024	20%	–	20%
2025	20%	–	20%

Source: TCBS compilation. 2025 comprised four 5% cash tranches, completed 06/05/2026.

1.5. Management

Name	Position	Year of birth	Tenure	Qualifications
Nguyen Duc Manh	Chairman of the Board (from 04/2026)	1983	25 years	MBA, Univ. of Hawaii · BSc IT (US)
Nguyen Van Thoi	Vice Chairman · Founder	1958	32 years	Mining electromechanical engineer · BA Economics
Tran Minh Hieu	CEO (from 04/2025)	1979	19 years	MBA in International Business (Columbia Southern Univ., US)
Doan Thi Thu	Executive Board Member & Deputy CEO	1972	31 years	Master of Business Administration · Garment engineer
Nguyen Hoang Giang	Independent Board Member · Chair of Audit Committee	1986	5 years	Master of Business Administration · Computer engineer (Univ. of Nebraska)
Ha Thi Tuyet	Independent Board Member · Audit Committee	1984	1 years	Bachelor of Laws
Luu Duc Huy	Deputy CEO	–	–	In charge of production
Nguyen Thi Phuong	Deputy CEO	–	–	In charge of IT
Le Xuan Vi	Deputy CEO	–	–	In charge of operations
Tran Thi Thu Ha	Chief Accountant	1973	27 years	Bachelor of Accounting

Source: TCBS compilation

A governance highlight of 2026 is the **generational handover**: Mr. Nguyen Duc Manh — an MBA from the University of Hawaii and an IT graduate in the US, with 25 years at the company — formally succeeded his father, founder Nguyen Van Thoi, at the AGM on 19/04/2026; a year earlier, the CEO position was also handed to Mr. Tran Minh Hieu (US MBA). The governance structure follows **G20/OECD** best practices: a 7-member Board with over 20% independent members, an embedded Audit Committee and **five specialized subcommittees** (Audit; HR–Remuneration; Development Policy; Sustainability; Shareholder Relations). Unlike most industry peers, management holds a large stake (~31% for the Chairman father-and-son alone), aligning interests with shareholders; the executive team averages 19–32 years of tenure, combined with a technology-savvy next generation educated in the US — the foundation for a comprehensive digitalization and automation strategy.

2. Textile & Garment Industry Analysis

2.1. Value Chain & Competitive Dynamics

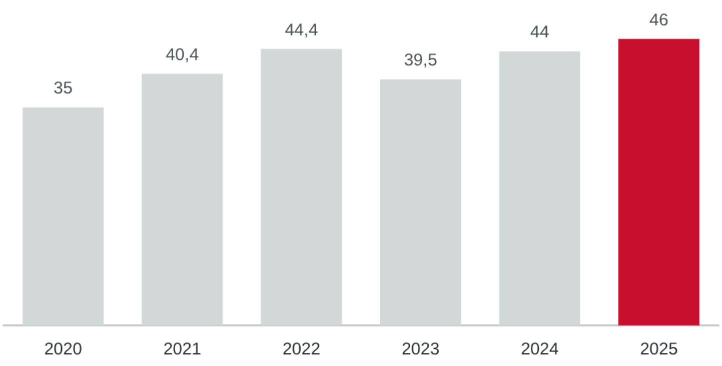
Vietnam holds a top global position in garment exports, but its low-cost labor advantage is thinning.

Vietnam is one of the world's three largest garment exporters, with the US accounting for ~47% of turnover, followed by the EU, Japan and South Korea. Most domestic firms participate in the value chain at simpler stages: **CMT (~35%) and tier-1 FOB (~55%)** with gross margins of 10–20%, well below the ODM/OBM models (20–30%+) that require in-house design capability and proprietary brands.

The industry's two biggest competitive bottlenecks: **(i) rapidly rising labor costs** — the minimum wage has grown ~12% per year on average since 2009, pushing Vietnamese garment workers' wages to ~3x those of Bangladesh and ~2x those of India; **(ii) dependence on imported fabric** — domestic supply meets only ~25% of demand, and ~92% of imported fabric originates from East Asia (China alone 65%), leaving many orders unable to meet the "yarn-forward / fabric-forward" rules of origin under EVFTA/CPTPP.

Total Vietnam textile & garment export value

(USD bn · whole industry, including fibers & yarn)

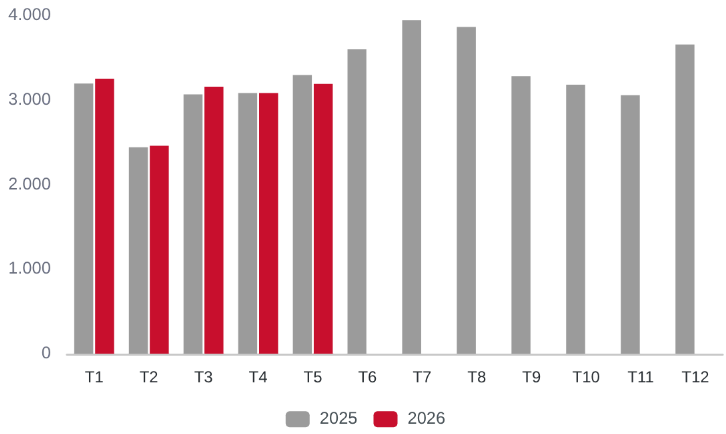


Source: TCBS compilation

In terms of scale, Vietnam's textile and garment exports hit a record **~USD 46 bn in 2025 (+5.8% YoY)**, firmly holding the world's No. 3 position after China and Bangladesh; the industry targets ~USD 50 bn for 2026. Momentum slowed in 2026: according to the Customs Department, **textile and garment turnover in the first five months reached USD 15.13 bn (+0.4% YoY)**, with Q1 still up +1.9% as US importers accelerated deliveries during the reciprocal-tariff suspension period, but April was flat and May fell 3.2% YoY as the front-loading effect cooled — a variable to watch in the second half.

Textile & garment exports by month

(USD mn · 2025 vs 2026)



Source: TCBS compilation

In terms of international competition, Vietnam continued to **expand its share in key garment markets** while China contracted: Vietnam's garment market share in the US rose to **21.1% in 2025** (2024: 18.9%) — overtaking China — and to **18.7%** in Japan (2024: 17.9%); only South Korea edged down to **27%** (2024: 29.2%) as Chinese goods redirected to that market to offset share lost in the US. Versus its direct rivals, Vietnam is relatively well positioned: India faces high tariffs (up to 50% related to the Russian oil issue, and even at a reduced 25% its garment advantage remains eroded) plus the geopolitical risk of being a BRICS member; Bangladesh raised its US share to **8.2%** at end-2025 but is hampered by domestic political instability. A broad FTA network (EVFTA, CPTPP) is also a differentiator that Bangladesh and Pakistan lack.

On the transmission mechanism of tariffs in 2026, commodity price indices show that reciprocal tariffs are gradually being **passed on to US consumers**; higher price levels together with still-weak consumer confidence (the US consumer confidence index stood at 52.9 in December 2025 — improved but still low) are expected to **reduce US textile and garment consumption in the first half of 2026**, explaining why export momentum slowed once the front-loading effect cooled. The impact varies by market: in South Korea, the shift of cheap Chinese goods creates competitive pressure on Vietnamese products; conversely Japan — where China–Japan relations are at a low — opens room for Vietnamese goods to gain share. Sector-specific tariffs mainly target high-tech, capital-intensive sectors (semiconductors, metallurgy, shipbuilding) rather than directly hitting labor-intensive garments, but the cumulative effect on overall price levels and total US demand remains significant.

The 2026 backdrop is two-sided: US tariff policy (a provisional 10% tariff for 150 days from 24/02/2026, possibly rising to 15% after 24/07) is prompting US retailers to **accelerate deliveries and build inventory** in the first half; meanwhile tariff rates on Vietnamese goods have converged with those on India and Bangladesh — limiting order-relocation risk and reinforcing the trend of brands streamlining their supplier base in favor of **large-scale, ESG-compliant, fast-delivery** companies — precisely TNG's area of advantage.

2.2. TNG's Competitive Position

Among listed textile and garment names, TNG stands out for **scale and growth**: 367 production lines — far ahead of Song Hong Garment (MSH) and Thanh Cong Textile Garment (TCM); revenue grew ~11% per year on average in 2019–2024, well above the industry's ~2% per year. Its large scale enables TNG to handle many small orders with diverse styles simultaneously, with 30–45 day lead times. The 2025 results (+13.6% revenue) were further supported by a cyclical factor: US customers — accounting for **42.4% of TNG's export revenue mix** — accelerated orders and early deliveries (**front-loading**) during the US reciprocal-tariff suspension, keeping factories running at full capacity from mid-year.

A relative weakness is **margins**: its products sit in the mid-range segment, so its gross margin of ~14% is ~7 percentage points below MSH (MSH 21.2% in 2025) and ~2 points below TCM (which is self-sufficient in fabric and operates tier-2 FOB). In compensation, TNG's ROE of ~20% is among the leaders thanks to fast asset turnover and financial leverage; its **short cash conversion cycle, among the best in the industry**, reflects strong working-capital discipline.

PRODUCTION LINES	REVENUE GROWTH 2019–24	CASH CONVERSION CYCLE
367	**~11%**	**Short**
Largest among listed peers	per year · industry ~2%/year	among the best in the industry

On the operational front, TNG has 12 garment factories (within 18 subordinate branches) with a total of 367 sewing lines; among them **Song Cong 3 is the largest factory** (42 lines, ~2,400 workers, ~VND 1,500 bn revenue) and dedicates up to **~90% of its output to Decathlon** — this single customer alone contributes **about 30% of total company revenue**, both a deep partnership and a sign of high concentration. Competitiveness is reinforced by continuous technology investment: real-time production traceability via QR (since 2022), next-generation machinery boosting productivity by **30–40%**, and ~VND 10 bn per year spent on R&D. Management's consistent direction is growth based on efficiency rather than price competition, combined with a gradual move up to ODM to improve margins.

Source: TCBS compilation

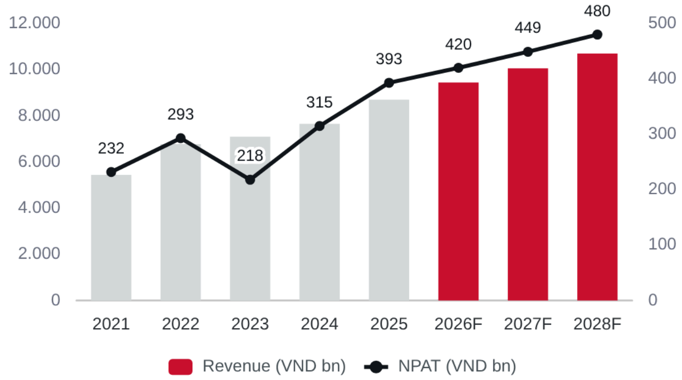
3. Business & Financial Performance

3.1. Business Results 2021–2025

Four consecutive years of record revenue; 2025 profit was the highest in the company's history.

Revenue & NPAT

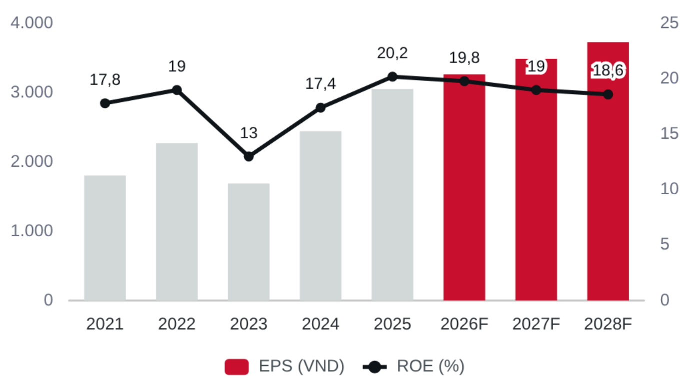
(VND bn)



Source: TCBS compilation

EPS & ROE

(VND · %)



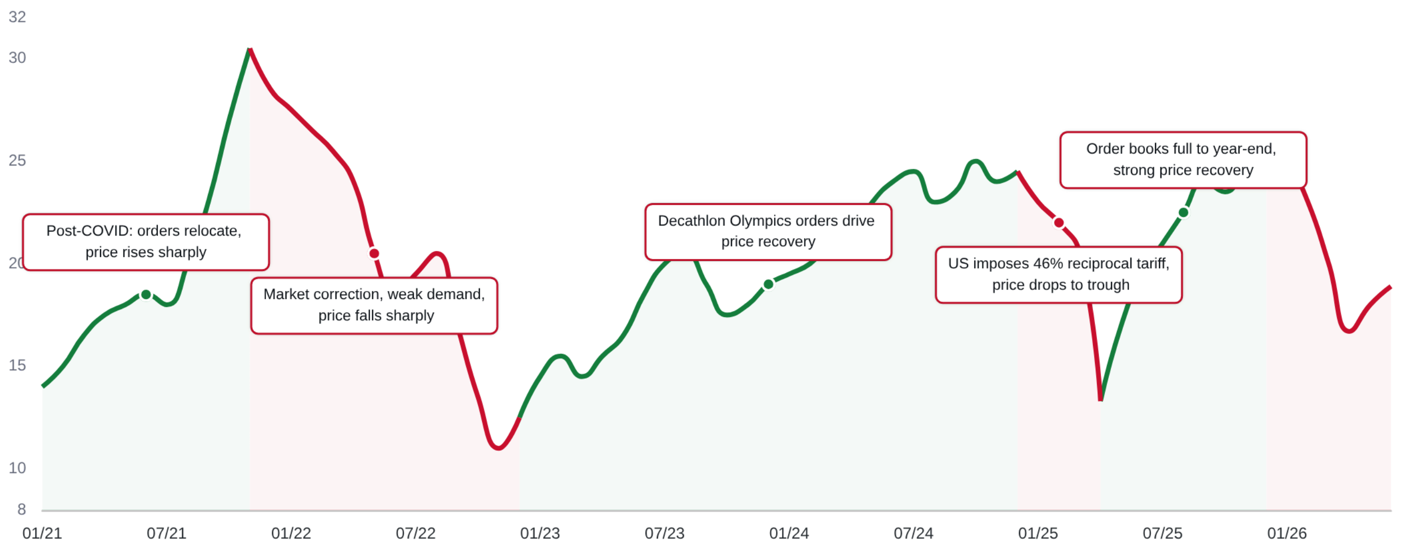
Source: TCBS compilation

After profit bottomed in **2023** (NPAT VND 218 bn, −25.7% YoY on weaker global demand), TNG rebounded quickly: NPAT reached **VND 315 bn (2024, +44.7%)** and then a record **VND 393 bn (2025, +24.9%)** on revenue of VND 8,699 bn (+13.6%) — a fourth consecutive year of record revenue. ROE improved from 13.0% (2023) to **20.2% (2025)**, with EPS of VND 3,053.

Notably, growth came more from **volume and efficiency** than from pricing: the 2025 gross margin edged down to 14.2% (from 15.4%) on higher labor costs, but a lower SG&A-to-revenue ratio and large order volumes helped absorb fixed costs. Specifically, input costs rose 5–10% in 2025 (polyester +15–20%) and worker wages rose ~20%, but the FOB model allowed most logistics costs to be passed to customers, so the gross margin fell only modestly. Flooding in Thai Nguyen in October 2025 caused localized production disruption, yet the company still exceeded its full-year profit plan.

TNG share price movement & key events

(VND thousand · adjusted price · 2021–2026)



Source: TCBS compilation

Looking back over the whole period, TNG's results and share price were shaped by a series of **key events**. In 2021–2022, the post-COVID wave of order relocation out of China accelerated profit (+51% in 2021, +26% in 2022), yet the stock still fell sharply amid the broad market correction in late 2022 (P/B bottomed at 0.7x). In 2023, weaker demand in the US and EU forced TNG to cut unit prices to share the burden with customers — NPAT fell 25.7%; receivables risk surfaced as The Children's Place (~11% of revenue) suffered prolonged losses and negative equity, though the receivable was subsequently fully collected. 2024 saw a strong recovery (**+44.7% NPAT**) thanks to Paris Olympics orders from Decathlon (+41% revenue from this customer) and order relocation flows. In 2025, two successive shocks tested resilience: the US announced **reciprocal tariffs** in early April, pushing the share price to a trough of VND 13,300 (09/04/2025), and **historic flooding in October 2025** in Thai Nguyen caused localized production disruption — yet the company still closed the year with record profit, with the insurance compensation recognized in early 2026.

3.2. Business Results 2026

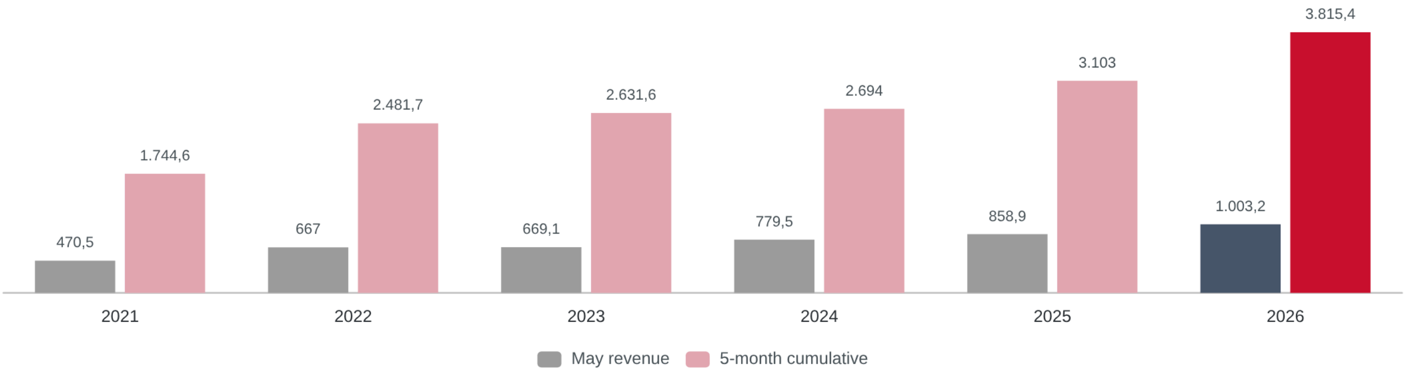
Full order books extend growth into 2026; five-month revenue up 23% YoY.

3.2.1. 5M/2026 business update

REVENUE MAY 2026	5-MONTH CUMULATIVE	FULL-YEAR PLAN COMPLETION	PAYMENTS TO INVESTORS IN MAY
1.003	**3.815**	**40,2%**	**380**
VND bn · +16.8% YoY · first time above VND 1,000 bn/month	VND bn · +23.0% YoY · highest in 6 years	plan of VND 9,500 bn	VND bn · dividends + bond principal/interest

May revenue & 5-month cumulative by year

(VND bn · 2021–2026 · highlighted 2026 bars = latest actuals)



Source: TCBS compilation

Business momentum **accelerated clearly after Q1**: May 2026 revenue reached **VND 1,003 bn (+16.8% YoY)** — a historic milestone, the first time above VND 1,000 bn in a single month; the five-month cumulative reached **VND 3,815 bn (+23.0%)**, the strongest increase in six years and 40.2% of the full-year plan. This pace is **running well ahead** of the base-case full-year forecast (+8.1%) — opening room for upward revisions; however, note that part of the output is concentrated in the first half as US customers accelerate deliveries ahead of the 24/07 tariff adjustment deadline, so second-half growth may slow correspondingly.

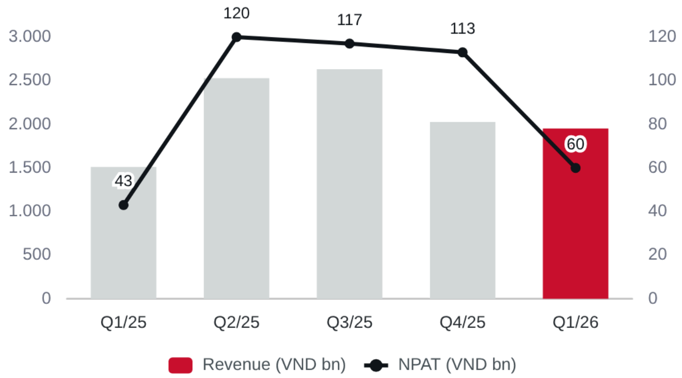
On financial obligations, in May the company paid a total of **VND 380.2 bn** to investors: **full redemption of TNG122017 bonds on schedule** (VND 300 bn principal + VND 7.3 bn final-period interest, 10%/year coupon, 72 bondholders), completion of the fourth 2025 dividend tranche (VND 64.4 bn to 10,780 shareholders) and payment of ~VND 8.5 bn in period-6 interest on the TNG124027 tranche. After this redemption, outstanding bonds comprise only the **TNG124027 tranche (VND 400 bn**, floating rate at 9.4%/year for period 7) — the first substantive signal of the deleveraging and cost-of-capital reduction path.

3.2.2. Q1/2026 business results

Highest Q1 revenue in five years; gross margin pressured by costs, profit supported by insurance compensation.

Revenue & NPAT by quarter

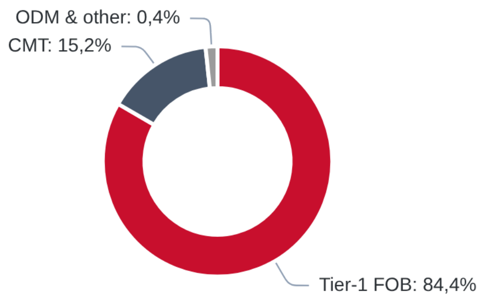
(VND bn)



Source: TCBS compilation

Revenue mix by method

(% of 2026F revenue)



Source: TCBS compilation

Item (VND bn)	Q1/2026	Q1/2025	% YoY
Net revenue	1.952	1.511	+29,2
Cost of goods sold	1.716	1.281	+34,0
Gross profit	236	230	+2,7
Gross profit margin (%)	12,1	15,2	−3.1 ppt
SG&A expenses	122	120	+1,7
Other income (insurance compensation)	~25	—	—
NPAT attributable to parent	60,3	43,3	+39,3

Source: TCBS compilation

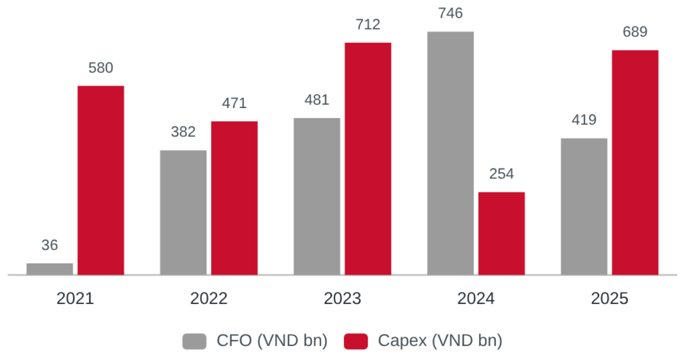
Q1/2026 revenue reached **VND 1,952 bn (+29.2% YoY)** — the highest first quarter in five years — thanks to full order books and US customers accelerating deliveries ahead of the tariff adjustment deadline. However, the **gross margin narrowed from 15.2% to 12.1%**: the company raised wages and hired ~1,700 new workers to meet the production schedule, while polyester fabric prices rose 15–20% in line with oil prices; the early-year order mix also skewed toward simpler, lower-margin products.

Net profit still rose **+39.3% to VND 60.3 bn** on two factors: the SG&A-to-revenue ratio fell sharply from 8.0% to 6.3%, and other income of ~VND 25 bn — mainly insurance compensation for machinery and equipment after the October 2025 flooding. Excluding this one-off, core profit grew more modestly — a point to monitor in the coming quarters as the gross margin gradually recovers with the order mix.

3.3. Cash Flow & Capital Structure

CFO vs. Capex

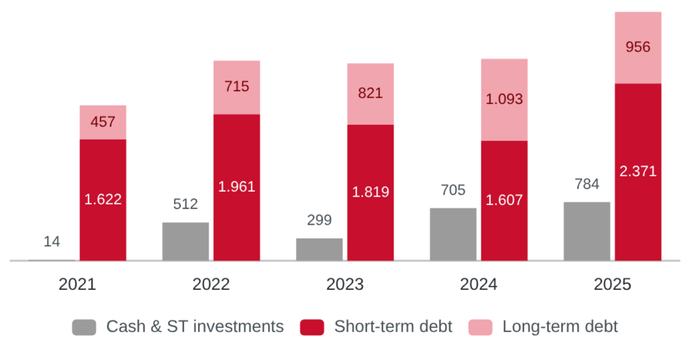
(VND bn)



Source: TCBS compilation

Cash & short-term investments vs. Debt

(VND bn)



Source: TCBS compilation

Capital structure is TNG's biggest differentiator versus the industry: **debt of VND 3,327 bn at end-2025** (net debt ~127% of equity), rising to ~VND 4,271 bn at end-Q1/2026 (net debt ~1.7x equity) in line with the raw-material import cycle — the highest among listed textile and garment names. Operating cash flow is consistently positive (VND 419 bn in 2025) but largely reinvested: capex of VND 689 bn for automation and factory expansion. The current ratio of ~0.9x — below MSH/TCM (~1.7–1.8x) — makes the company sensitive to the cost of capital; in compensation, a strong repayment track record and short cash conversion cycle help maintain access to credit. A notable recent development: on 18/05/2026 the company **redeemed VND 300 bn of TNG122017 bonds on schedule** (10%/year coupon), leaving only the TNG124027 tranche (VND 400 bn, 9.4%/year) outstanding — gradually reducing the share of high-cost funding.

Selected financial metrics 2024–2028F

Metric	2024A	2025A	2026F	2027F	2028F
Revenue (VND bn)	7.656	8.699	9.407	10.174	11.003
Revenue growth %	+7,9	+13,6	+8,1	+8,1	+8,1
Gross margin %	15,4	14,2	14,2	14,2	14,2
NPAT (VND bn)	315	393	429	422	471
EPS (VND)	2.445	3.053	3.333	3.277	3.659
ROE %	17,4	20,2	20,7	19,0	19,8
Net debt/equity (x)	1,05	1,27	~1,3	~1,2	~1,1

2024A–2025A figures per TCBS compilation; 2026F–2028F are reference projections compiled by TCBS, updated 10/06/2026.

4. Outlook, Risks & Projections

4.1. Outlook

Order books full through end-2026; three pillars — automation, high-tech products and ESG — drive the medium term.

Orders secure 2026 growth: factories are fully booked through **October–November 2026** thanks to long-standing customers and new order flows from H&M, The North Face, LIDL, Walmart and LTAG. The relationship with Decathlon was upgraded qualitatively as the group placed TNG among its **top 3 global suppliers** and moved its product development center from Wuhan to the Song Cong branch — paving the way for high-margin ODM orders and raising supplier switching costs. The US 10% tariff for 150 days (through 24/07/2026) continues to spur US retailers to accelerate orders in the first half.

Three strategic pillars from 2026: (i) **automation & digital transformation** — 58 automated overhead conveyor lines now operating across factories (productivity +15–20% with new workers), in-house AGV robots, and AI/Big Data integration into a proprietary ERP; (ii) **shift to high-tech products** — down jackets and waterproof seam-sealing technology, building technical barriers and protecting margins; (iii) **ESG** — LEED/LOTUS Silver-certified factories, replacing all coal boilers with biomass — a prerequisite for accessing brands such as Nike and Adidas. On capacity, the **Dai Tu 2 factory project (VND 400 bn)** is expected to break ground in late 2026 and begin operating from the second half of 2027; the Son Cam 1 IZ raised land rents to USD 130/m² from 01/03/2026, and on aggregate estimates the project could deliver ~VND 290 bn in cumulative profit over three years once the site is fully developed.

ORDERS SECURED THROUGH	DAI TU 2 FACTORY	AUTOMATED CONVEYOR LINES	2031 REVENUE TARGET
Nov/26	**400**	**58**	**1 bn**
full capacity for the year	VND bn · operating 2H2027	lines · +15–20% productivity	USD · ~2.8x 2025

Short- to medium-term catalysts

Five-month revenue momentum of +23% YoY (40.2% of the full-year plan) opens the possibility of beating the plan and upward forecast revisions; favorable US tariff negotiations after 24/07/2026; gross margin recovery as the order mix shifts toward high-tech products in the second half; recognition of Son Cam 1 leasing revenue at new rates.

Long-term catalysts

Penetration of the Nike/Adidas supply chain; a higher ODM share via the Decathlon product development center; the Dai Tu 2 factory adding capacity from 2027; the roadmap to USD 1 bn in revenue by 2031 alongside gradual deleveraging.

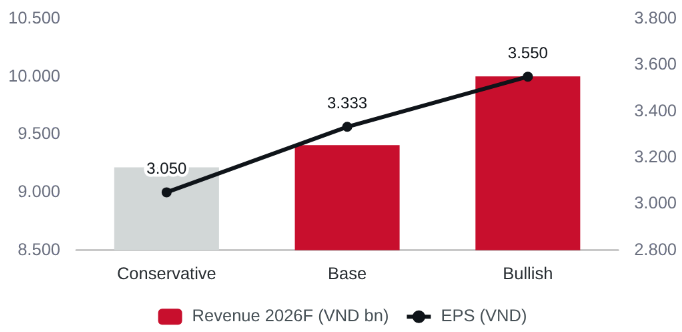
4.2. Risks

Risk	Description
Highest financial leverage in the sector	Debt of ~VND 4,271 bn at end-Q1/2026 (net debt ~1.7x equity) — the highest leverage among listed textile peers, driven mainly by the large working-capital needs of importing raw materials for production (per the "working-capital supplement" loan purpose in the audited FS notes). The sizeable debt load makes earnings more sensitive to funding-cost movements and thins the liquidity buffer; the pressure is easing after the on-schedule redemption of VND 300 bn of TNG122017 bonds in May 2026.
US tariffs & Section 301	The US accounts for ~42% of revenue; the provisional 10% tariff may rise to 15% after 24/07/2026 along with price renegotiation; the Section 301 investigation from March 2026 poses potential new barriers.
Customer concentration on Decathlon	The largest factory, Song Cong 3, dedicates ~90% of its output to Decathlon, equivalent to ~30% of total company revenue — a major risk if this customer's demand fluctuates.
Rules of origin & imported materials	~60% of fabric is imported as specified, half from China — making it hard to fully capture EVFTA/CPTPP preferences, with the risk of being treated as transshipped goods when exporting to the US; polyester costs fluctuate with oil prices.
Customer receivables & non-core investment	Risk on receivables from financially distressed customers (the precedent of The Children’s Place with negative equity); the real estate segment via TNG Land (48.8%) and Bac Thai (48%) may divert management resources.

4.3. Projections

2026F revenue under three scenarios & EPS

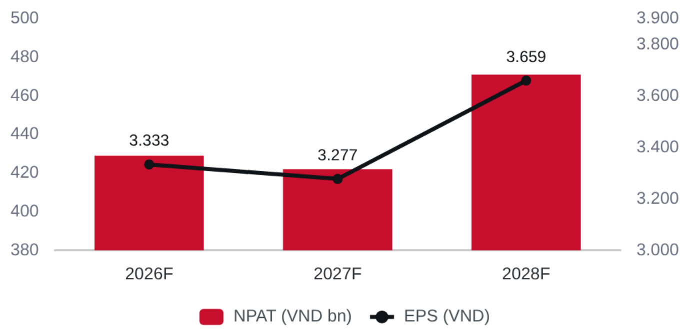
(VND bn · VND)



Source: TCBS compilation

NPAT & EPS — base case

(VND bn · VND)



Source: TCBS compilation

Under the base case (order books full through year-end, US tariffs holding at 10–15%), 2026F revenue reaches ~VND 9,407 bn (+8.1%), NPAT ~VND 429 bn and EPS ~VND 3,333 — close to the AGM plan (revenue VND 9,500 bn, NPAT VND 450 bn). The conservative case (US tariffs raised to 15% after 24/07, weak demand) brings revenue to ~VND 9,220 bn (+5.9%) and EPS ~VND 3,050; the bullish case (~VND 10,000 bn, EPS ~VND 3,550) assumes stronger order relocation to Vietnam. The base case's +8.1% full-year figure already implies a significant second-half slowdown versus the +23% of the first five months (front-loading cooling); if H2 does not slow as assumed, the forecast has room for upward revision.

Metric	2026F	2027F	2028F
Revenue (VND bn)	9.407	10.174	11.003
NPAT (VND bn)	429	422	471
EPS (VND)	3.333	3.277	3.659
BVPS (VND)	16.663	17.859	19.122
ROE %	20,7	19,0	19,8

Projections per the TCBS (TC Analysis) model; BVPS assumes cash dividends of ~VND 1,500–2,000/share/year.

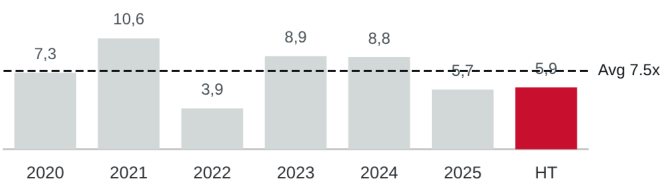
5. Reference Valuation

5.1. Historical P/B & P/E

The current valuation is well below the historical average even though profit is near a peak.

Historical P/E

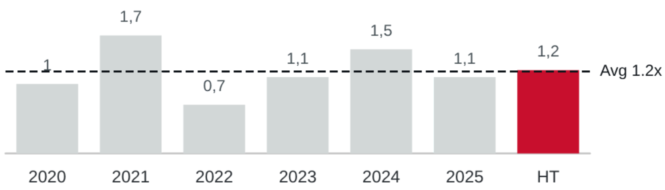
(x · Now = current)



Source: TCBS compilation

Historical P/B

(x · Now = current)



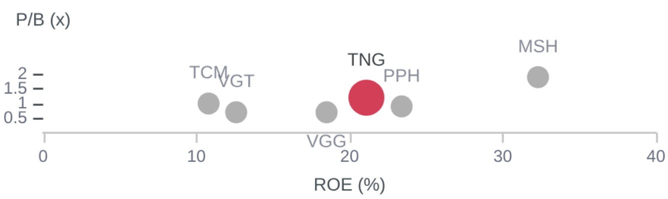
Source: TCBS compilation

TNG shares currently trade at a **trailing P/E of ~5.9x** (TTM, on EPS of ~VND 3,185) — about 22% below the 2020–2025 historical average (~7.5x); **P/B of ~1.2x** is in line with the long-term average. On forecast earnings, the 2026F P/E is only **~5.7–6.1x** — a valuation range previously seen during periods of market pessimism over tariffs, even though actual orders are largely booked for the year. The share price has discounted ~28% from its 52-week high (VND 26,170) after the early-2026 correction.

5.2. Peer Comparison & Reference Value

P/B vs. ROE — listed textile & garment peers

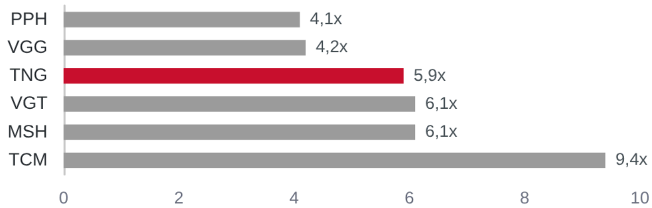
(P/B (x) · ROE (%))



Source: TCBS compilation

P/E peer comparison

(x)



Source: TCBS compilation

Relative to peers, TNG has the **second-highest ROE (~21%)** after MSH (~32%) but a P/E (5.9x) only on par with low-growth names (VGT, VGG) — reflecting the market discount applied for high financial leverage and tariff sensitivity. If tariff risk eases after July 2026 and leverage declines along the roadmap, room to narrow the discount versus MSH (P/E ~6.1x but with a safer capital base) is the main re-rating driver.

Reference value range (not a recommendation/target price)

Reference method	Basis	Multiple	Reference value (VND/share)
P/E — current sector median	EPS 2026F VND 3,333	6,0x	20.000
P/B — historical average	BVPS 2026F VND 16,663	1,2x	20.000
P/E — TNG historical average	EPS 2026F VND 3,333	7,5x	25.000

Source: TCBS compilation

Aggregating the reference multiples, TNG's **reference value range** is approximately **VND 20,000–25,000/share**, centered around **VND 20,000/share**. The current share price (~VND 18,700) sits below the lower bound of the reference range, implying the market is pricing in a less favorable tariff scenario. This is reference valuation information for analytical purposes only and **does not constitute a buy/sell recommendation or a target price**; the decisive variables to monitor are US tariff policy after 24/07/2026 and the company's deleveraging trajectory.

6. Appendix — Financial Statements

6.1. Income Statement

Unit: VND bn · Full presentation per audited consolidated financial statements · Source: TNG audited consolidated financial statements

Item (VND bn)	2023	2024	2025
Revenue from goods & services	7.095	7.656	8.699
Net revenue from goods & services	**7.095**	**7.656**	**8.699**
Cost of goods sold	(6.115)	(6.474)	(7.459)
Gross profit	**980**	**1.182**	**1.239**
Financial income	99	125	111
Financial expenses	(326)	(371)	(316)
of which: Interest expense	(192)	(184)	(212)
Selling expenses	(101)	(111)	(101)
Administrative expenses	(360)	(424)	(458)
Operating profit	**292**	**401**	**475**
Other income	3	2	23
Other expenses	(24)	(12)	(13)
Other profit/(loss)	(21)	(10)	10
Profit before tax	**271**	**390**	**485**
Corporate income tax expense	(52)	(76)	(92)
of which: Current tax	(54)	(76)	(92)
Deferred tax	2	1	1
Profit after tax	**219**	**315**	**393**
Non-controlling interests	2	–	–
NPAT attributable to parent	**218**	**315**	**393**
Basic earnings per share (VND)	1.690	2.445	3.053

6.2. Balance Sheet

Item (VND bn)	2023	2024	2025
A. Current assets	**2.260**	**2.638**	**3.368**
Cash & cash equivalents	284	445	317
Short-term financial investments	15	260	467
Short-term receivables	775	740	1.013
— Trade receivables	697	691	996
— Prepayments to suppliers	1	3	2
— Other receivables	78	51	20
Inventories	1.039	1.074	1.446
Other current assets	147	118	126
B. Non-current assets	**2.971**	**3.179**	**3.541**
Long-term receivables	11	11	11
Fixed assets	2.185	2.117	2.716
Investment property	325	300	304
Long-term assets in progress	282	459	174
Long-term financial investments	–	140	140
Other non-current assets	168	152	196
TOTAL ASSETS	**5.230**	**5.817**	**6.910**
C. Liabilities	**3.376**	**3.924**	**4.907**
Current liabilities	**2.545**	**2.751**	**3.818**
— Trade payables	477	777	862
— Advances from customers	9	7	4
— Taxes payable	25	34	65
— Payables to employees	81	257	419
— Accrued expenses	55	21	23
— Other payables	22	16	18
— Short-term borrowings & leases	1.819	1.607	2.371
— Bonus & welfare fund	53	29	49
Non-current liabilities	**830**	**1.173**	**1.089**
— Long-term borrowings & leases	821	1.093	956
D. Owners' equity	**1.855**	**1.892**	**2.002**
Charter capital	1.135	1.226	1.287
Share premium	41	41	41
Investment & development fund	271	291	291
Retained earnings	173	222	271
TOTAL RESOURCES	**5.230**	**5.817**	**6.910**

Source: TNG audited consolidated financial statements

6.3. Cash Flow Statement

Item (VND bn)	2023	2024	2025
Profit before tax	271	390	485
Depreciation & amortisation	221	235	250
Provisions	(11)	8	35
Unrealised FX gain/loss	(30)	28	13
Gain/loss from investing	0	4	(21)
Interest expense	192	184	212
Operating profit before WC changes	**643**	**849**	**974**
Change in receivables	(107)	26	(269)
Change in inventories	255	(165)	(405)
Change in payables	(11)	327	476
Change in prepaid expenses	(49)	(22)	(39)
Interest paid	(192)	(182)	(212)
Corporate income tax paid	(48)	(68)	(62)
Other operating outflows	(11)	(21)	(44)
Net cash flow from operating activities	**481**	**746**	**419**
Purchase of fixed & long-term assets	(712)	(254)	(689)
Proceeds from asset disposal	2	4	2
Loans & debt instruments purchased	(15)	(245)	(207)
Proceeds from divestments	–	0	–
Interest & dividends received	–	0	13
Net cash flow from investing activities	**(725)**	**(494)**	**(880)**
Proceeds from share issuance	84	–	–
Proceeds from borrowings	5.842	6.983	7.809
Repayment of borrowings	(5.823)	(6.931)	(7.204)
Dividends paid	(87)	(143)	(273)
Net cash flow from financing activities	**15**	**(91)**	**333**
Net change in cash for the period	**(229)**	**161**	**(128)**
Cash at beginning of period	512	283	445
Effect of FX differences	–	–	1
Cash at end of period	**284**	**445**	**317**

Source: TNG audited consolidated financial statements

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