Q2/2026 Business Results Update – KBC

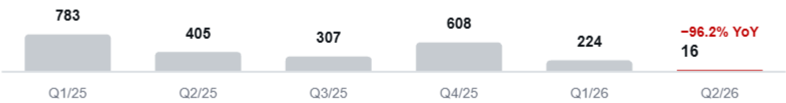
HOSE · KBC · Kinh Bac City Development Holding Corporation *(Kinh Bac City)*

NPAT TO PARENT	NET REVENUE	FINANCIAL INCOME	ROE · TTM
16	**589**	**431**	**4.7%**
VND bn · −96.2% YoY	VND bn · +2.5% YoY	VND bn · +163.9% YoY	P/E 22.4 · P/B 1.03x

Q2 RESULTS ASSESSMENT

Q2 revenue was flat at **VND 589bn (+2.5% YoY)** because more than **170 ha of contracted industrial land could not be handed over**, with compensation and site clearance unfinished. All VND 237bn of profit before tax came from **financial income of VND 431bn**; excluding it, core operations lost VND 194bn pre-tax. Interest of VND 289bn and tax of VND 203bn pushed **NPAT to parent down to VND 16bn**. **TCBS Research believes** this is a trough quarter in a heavy investment cycle, not lost market share, while the price has fallen **33.2% from its 12-month peak**. **We assess** the valuation as **unattractive**: P/B of ~1.03x is the lowest in 14 quarters, yet a **trailing P/E of 22.4x on an ROE of 4.7%** is far dearer than the ~12x of normal earning years. **Investors should wait for** the 170 ha to be handed over and booked before committing capital.

Quarterly NPAT to parent · *VND bn*



GUIDANCE PROGRESS & EVENTS

2026 NPAT TARGET COMPLETED **9.0%**

6M cumulative 269bn / full-year target 3,000bn · 2026 AGM

INVENTORIES (LAND BANK)

27,073 → 33,357

VND bn · +6,284bn in six months

TOTAL DEBT AT QUARTER-END

32,677

VND bn · +4,039bn YTD · EBIT/interest 2.0x

KEY POSITIVES

- **170** HA SIGNED — **Revenue already signed, awaiting handover** — booking expected in the closing quarters
- **1.03** P/B X — **Valuation at its lowest in 14 quarters** — 14-quarter average ~1.24x
- **33,357** VND BN — **Land bank accumulated to a record level** — Trang Cat alone ~17,800bn, land-use fees settled

POINTS TO WATCH

- **85.5%** TAX/PBT — **Tax absorbs nearly all profit before tax** — 203bn tax on 237bn consolidated PBT
- **2.0** EBIT/INT — **Interest coverage thinning out** — 6M interest 552bn · 1,000bn of bonds mature 28/08
- **(7,269)** 6M OCF — **Deeply negative operating cash flow** — VND bn · closing cash down to 5,522bn

OUTLOOK FOR 2H 2026

In the first six months KBC posted revenue of **VND 1,925bn (−47.9% YoY)** and NPAT of **VND 269bn (−78.5% YoY)**, only 19.2% and 9.0% of the full-year targets. **We believe KBC can hand over roughly 100 ha in 2H 2026**, mostly at Nam Son Hap Linh IP and the Que Vo 2 extension — both already have infrastructure and cleared land; Trang Due 3 will most likely slip into 2027, having broken ground only in May 2025 with site clearance unfinished. **TCBS Research estimates 2026 NPAT to parent of about VND 2,130bn (+1.3% YoY)** — forecast EPS of VND 2,262, a **forward P/E of ~12.2x**.

6M NET REVENUE	6M NPAT	NET DEBT / EQUITY	2026 FORWARD P/E
1,925	**269**	**0.80**	**12.2**
VND bn · −47.9% YoY	VND bn · −78.5% YoY	x · net debt 20,132bn	x · EPS VND 2,262

SHARE INFORMATION & VALUATION

PRICE · VND (25/08)	MARKET CAP · VND BN	P/E · X	P/B · X	FOREIGN OWNERSHIP	SHARES O/S · MN
27,500	25,900	22.4	1.03	7.3%	941.8

1. TCBS assessment

Quality of Q2 earnings, progress against the full-year plan, and where valuation stands

In Q2/2026 KBC posted net revenue of **VND 589bn (+2.5% YoY)** but NPAT attributable to parent shareholders of only **VND 16bn, down 96.2% YoY**. Management explained that more than **170 ha of industrial land already under lease contracts did not qualify for handover** because compensation and site clearance are unfinished — KBC books land lease revenue only on handover, so this portion stayed off the Q2 books. Gross profit came to just VND 200bn, a 34.0% margin — the lowest in six quarters. More important, the entire VND 237bn profit before tax came from **financial income of VND 431bn (+163.9% YoY)**; strip that out and core operations lost VND 194bn before tax. Interest expense of VND 289bn (+179.1% YoY) and tax of VND 203bn — 85.5% of profit before tax — took the rest. That unusual tax load shows taxable profit arising at the subsidiaries running the projects while the interest burden sits in other entities; tax is assessed entity by entity, so losses cannot offset profits. Of the VND 34bn consolidated NPAT, non-controlling interests took VND 18bn.

For the first six months revenue reached VND 1,925bn and NPAT VND 269bn — weak progress, even though northern industrial parks keep attracting FDI, because compensation and site clearance are dragging on at several projects. The balance sheet matches a company pouring cash into an investment cycle: inventories of VND 33,357bn, debt of VND 32,677bn — 3.2 times the end-2024 level — and six-month operating cash flow of negative VND 7,269bn. The share price has corrected **33.2% from its 12-month peak** (VND 41,150) to VND 27,500. **We assess** the valuation as **unattractive**: P/B of ~1.03x is the lowest across the 14 quarters we track and below the ~1.24x average, yet a **trailing P/E of 22.4x on an ROE of 4.7%** is nearly twice as dear as the ~12x P/E of years when KBC earned normally. **TCBS Research estimates 2026 NPAT to parent of about VND 2,130bn (+1.3% YoY)** — forecast EPS of VND 2,262 and a **forward P/E of ~12.2x**.

2026 TARGETS (AGM) & SIX-MONTH PROGRESS

2026 REVENUE TARGET	2026 NPAT TARGET	2026 DIVIDEND (PLANNED)
10,000	**3,000**	**20%**
VND bn · +50% vs 2025	VND bn · +36% · a record if achieved	cash · first since 2018

6M REVENUE · % OF TARGET	6M NPAT · % OF TARGET	2026E NPAT TO PARENT
19.2%	**9.0%**	**2,130**
1,925 / 10,000 VND bn	269 / 3,000 VND bn	VND bn · +1.3% YoY · TCBS Research

KEY POINTS

01 **Q2 revenue was flat because 170 ha of contracted land could not be handed over** — net revenue of VND 589bn (+2.5% YoY). KBC books land lease revenue on handover, so contracts still awaiting compensation and site clearance stayed off the books this quarter.

02 **Gross profit fell to VND 200bn and all profit came from financial income** — a 34.0% gross margin, the lowest in six quarters. Excluding financial income of VND 431bn, core operations lost VND 194bn before tax; interest of 289bn and tax of 203bn brought NPAT to parent down to VND 16bn.

03 **The balance sheet shows a large investment cycle funded by debt** — inventories of VND 33,357bn (+41.0% YoY), total debt of VND 32,677bn (3.2 times the end-2024 level) and six-month operating cash flow of negative VND 7,269bn.

2. Business results & financial analysis

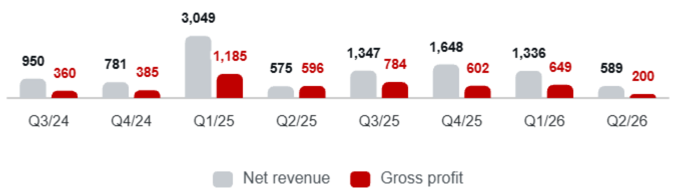
Q2 overview, the industrial land leasing segment, earnings quality, land bank and capital structure

2.1. Q2/2026 results overview

Q2 net revenue reached **VND 589bn (+2.5% YoY)** — the second lowest of the past eight quarters. Gross profit fell to VND 200bn and NPAT to parent shareholders dropped to **VND 16bn (−96.2% YoY)**, the lowest since Q1/2024. Three forces worked together: land lease revenue not yet booked, a sharp rise in interest expense, and an unusually heavy tax charge.

Quarterly net revenue & gross profit

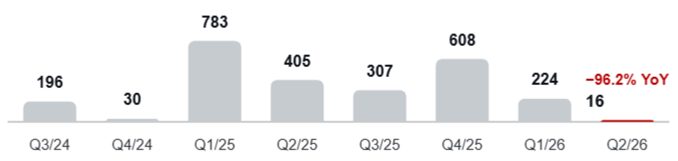
VND bn · last 8 quarters



Source: KBC consolidated financial statements, TCBS compilation

Quarterly NPAT attributable to parent

VND bn · Q2/2026 lowest since Q1/2024



Source: KBC consolidated financial statements, TCBS compilation

NET REVENUE	GROSS PROFIT	FINANCIAL INCOME
589	**200**	**431**
VND bn · +2.5% YoY	VND bn · 34.0% margin	VND bn · +163.9% YoY

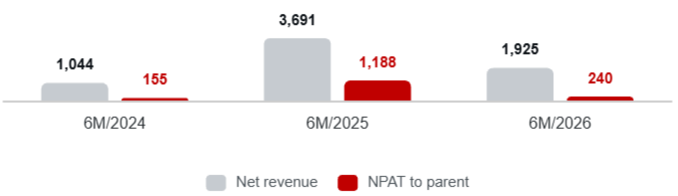
INTEREST EXPENSE	PROFIT BEFORE TAX	NPAT TO PARENT
289	**237**	**16**
VND bn · +179.1% YoY	VND bn · −55.4% YoY	VND bn · −96.2% YoY

2.2. The industrial land leasing segment

Revenue is unbooked, not lost to departing customers. KBC recognises land lease revenue in one go on handover rather than spreading it over the lease term — visible in unearned revenue of just VND 33bn, immaterial against a VND 74,101bn balance sheet. So when more than 170 ha under contract is held up by compensation and site clearance, all of that revenue sits outside the Q2 result. Management expects to book it in the closing quarters.

Six-month cumulative results across three years

VND bn · net revenue and NPAT to parent



Source: KBC consolidated financial statements, TCBS compilation

KBC's revenue is uneven between quarters because it depends on when each land plot is handed over: Q1/2025 reached VND 3,049bn while Q2/2025 came to only VND 575bn. The six-month comparison is clearer — VND 1,925bn this year against VND 3,691bn a year earlier, a **47.9% decline**, while NPAT to parent fell 79.8% to VND 240bn. The 2025 base was high because industrial land and infrastructure leasing alone brought in VND 2,800bn in that first half, 5.3 times the same period of 2024.

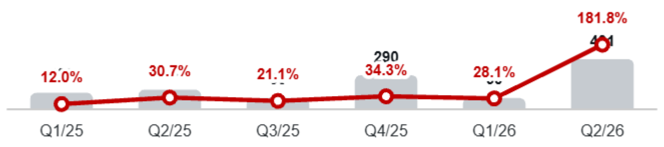
- **Advances from customers keep rising** — to VND 1,811bn at end-Q2, from VND 1,572bn at the start of the year and VND 1,091bn a year earlier: land lease deposits keep arriving even though the revenue does not yet qualify for recognition.
- **Q2 gross margin fell to 34.0%** — the lowest in six quarters. The same quarter of 2025 carried a VND 21bn COGS reversal that lifted gross profit above revenue, so the two quarters are not directly comparable; a fairer benchmark is the 36.5–48.6% range of recent quarters.

2.3. Earnings quality: financial income and the tax charge

Q2 profit did not come from core operations. Financial income reached **VND 431bn**, 2.6 times the year-earlier figure and 181.8% of the quarter's profit before tax. Strip it out and the rest of KBC lost VND 194bn before tax. The VND 12,545bn of cash and short-term investments does earn interest, but VND 431bn in one quarter is well above the ordinary deposit yield on that balance — not an item to extrapolate into coming quarters.

Financial income & its share of profit before tax

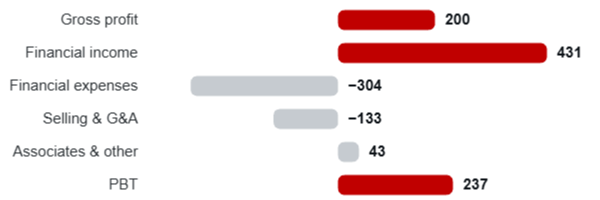
VND bn · line = share of PBT (%, right axis)



Source: *KBC consolidated financial statements, TCBS compilation*

Composition of Q2/2026 profit before tax

VND bn · contribution by source



Source: *KBC consolidated financial statements, TCBS compilation*

- **A VND 203bn tax charge on VND 237bn of profit before tax** — an effective tax rate of 85.5%, against 23.6–27.1% in the four preceding quarters. Current tax was VND 216bn, partly offset by VND 14bn of deferred tax income.
- **The cause lies in tax being assessed entity by entity** — the profitable subsidiaries running the projects pay tax in full, while the heavy interest expense arises at other entities and generates no matching deduction. Consolidated, profit before tax is thin but the tax obligation stands unchanged.
- **Most of what remains belongs to minority shareholders** — of VND 34bn consolidated NPAT, non-controlling interests took VND 18bn, leaving only VND 16bn for parent shareholders. That too signals the quarter's profit sitting at subsidiaries KBC does not wholly own.

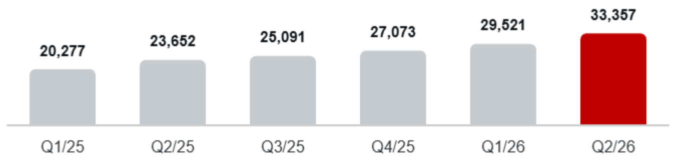
2.4. Land bank, inventories and flagship projects

Cash is going into land bank accumulation. Inventories at end-Q2 reached **VND 33,357bn**, up VND 6,284bn in six months and 41.0% higher YoY. The item is 45.0% of total assets — mostly compensation costs, land-use fees and infrastructure for projects not yet handed over, with the Trang Cat urban area alone at about VND 17,800bn. These are future earning assets that generate no revenue yet, and they are why operating cash flow is deeply negative.

- **The Trang Cat urban area is the largest single bet** — a 249 ha commercial land project in Hai Phong that has settled its land-use fee obligations and is completing transport infrastructure links. Under the plan, revenue from this project starts contributing in 2027, so it has no effect on this year's result.
- **Trang Due 3 industrial park is the nearer revenue source** — the project holds its construction permit and is expected to begin handing over land in 2026, forming part of the more than 170 ha of contracts awaiting recognition.

Quarter-end inventories

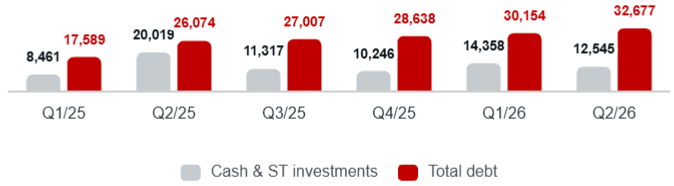
VND bn · costs of projects not yet handed over



Source: *KBC consolidated financial statements, TCBS compilation*

Cash & short-term investments versus total debt

VND bn · at quarter-end



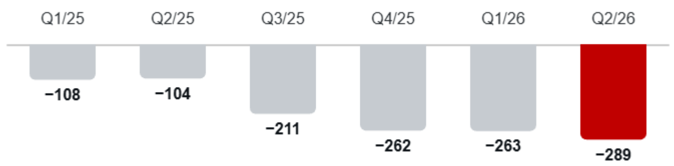
Source: *KBC consolidated financial statements, TCBS compilation*

2.5. Financial leverage, cash flow and valuation

Debt has more than tripled in six quarters. Total debt at end-Q2 reached **VND 32,677bn**, against VND 10,113bn at end-2024 and VND 26,074bn a year earlier. Net of VND 12,545bn in cash and short-term investments, net debt is VND 20,132bn, or 0.80 times parent equity — not yet dangerous, but the cost shows: six-month interest of VND 552bn (+160.7% YoY) and EBIT-to-interest coverage down from 6.1x to 1.8x.

Quarterly interest expense

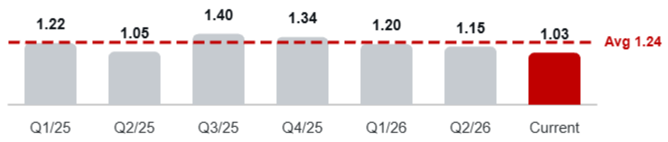
VND bn · EBIT/interest down from 6.1x to 1.8x



Source: *KBC consolidated financial statements, TCBS compilation*

Quarterly P/B versus the historical average

x · horizontal line = 14-quarter average (1.24x)

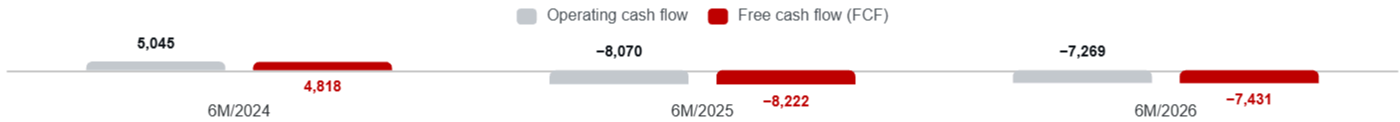


Source: *KBC consolidated financial statements, TCBS compilation*

- **Six-month operating cash flow of negative VND 7,269bn** — inventories up VND 6,284bn and receivables up VND 1,044bn. New borrowings of VND 5,721bn did not cover the gap: closing cash fell VND 2,846bn.
- **The bond maturity falls at the end of August** — a VND 1,000bn tranche at 10.5% p.a. matures on 28/08/2026, while the board resolution of 17/08 only just approved a private placement of up to **VND 700bn** of three-year bonds to refinance. The rest must come from other sources, with closing cash at VND 5,522bn.
- **On assets the valuation is low** — VND 27,500 is P/B of 1.03x on BVPS of VND 26,589, the lowest in 14 quarters and below the 1.24x average. **On earnings it is the opposite**: trailing P/E of 22.4x on ROE of 4.7% versus 12.0–12.2x on ROE of 10.2–11.9% in 2022–2023. The 12.2x forward P/E needs 2026 NPAT to parent of VND 2,130bn: 1H gave VND 240bn, so 2H must deliver **VND 1,890bn**, 7.9 times as much.
- **We assess the valuation as unattractive** — the book-value discount does not offset execution risk with the whole profit plan resting on two quarters, and 45.0% of assets is inventory not yet cash.

Six-month cumulative cash flow: operating activities and free cash flow

VND bn · FCF = net cash from operating activities less purchases of long-term assets



Source: *KBC consolidated financial statements, TCBS compilation*

Appendix — Q2/2026 financial statement data

Condensed balance sheet and income statement for the latest five quarters

Balance sheet (VND bn)

Item	Q2/2025	Q3/2025	Q4/2025	Q1/2026	Q2/2026
Cash & cash equivalents	18,139	9,419	8,368	6,931	5,522
Short-term financial investments	1,880	1,898	1,878	7,427	7,023
Short-term receivables	16,843	20,242	17,215	12,738	12,703
Inventories, net	23,652	25,091	27,073	29,521	33,357
Other current assets	492	543	511	564	604
CURRENT ASSETS	**61,006**	**57,193**	**55,045**	**57,181**	**59,209**
Long-term receivables	1,157	1,309	917	77	121
Fixed assets	379	362	515	504	531
Investment properties	1,193	1,125	1,107	1,082	1,057
Long-term assets in progress	874	802	4,201	4,281	4,259
Long-term financial investments	5,709	5,707	7,731	8,643	8,895
Other long-term assets	45	59	65	35	29
NON-CURRENT ASSETS	**9,357**	**9,364**	**14,536**	**14,622**	**14,892**
TOTAL ASSETS	**70,363**	**66,557**	**69,581**	**71,803**	**74,101**
Current liabilities	15,587	13,623	11,947	13,178	13,612
— Short-term borrowings & leases	964	2,603	2,287	3,046	3,718
— Short-term advances from customers	1,091	1,435	1,572	1,410	1,811
— Short-term accrued expenses	3,391	2,883	3,303	4,202	2,958
— Other payables & current liabilities	8,762	5,492	3,505	3,757	3,850
— Short-term trade payables	726	699	595	576	946
— Taxes & payables to the State	653	511	685	187	329
Non-current liabilities	29,077	26,871	30,908	31,665	33,494
— Long-term borrowings & leases	25,110	24,404	26,351	27,108	28,958
— Other long-term payables	2,838	1,342	2,818	2,819	2,811
— Deferred tax liabilities	1,129	1,125	1,739	1,738	1,725
TOTAL LIABILITIES	**44,664**	**40,494**	**42,855**	**44,843**	**47,106**
Paid-in capital	9,418	9,418	9,418	9,418	9,418
Share premium	5,163	5,163	5,163	5,163	5,163
Retained earnings	5,996	6,304	6,884	7,108	7,115
Non-controlling interests	1,795	1,851	1,925	1,935	1,954
Other capital & reserves	3,327	3,327	3,336	3,336	3,345
TOTAL SHAREHOLDERS' EQUITY	**25,699**	**26,063**	**26,726**	**26,960**	**26,995**

Income statement (VND bn)

Item	Q2/2025	Q3/2025	Q4/2025	Q1/2026	Q2/2026
Net revenue	575	1,347	1,648	1,336	589
COGS	21	(563)	(1,046)	(687)	(389)
Gross profit	**596**	**784**	**602**	**649**	**200**
Gross margin (%)	103.7	58.2	36.5	48.6	34.0
Financial income	163	90	290	90	431
Financial expenses	(111)	(237)	(245)	(263)	(304)
— Interest expense	(104)	(211)	(262)	(263)	(289)
Selling expenses	(23)	(67)	(43)	(9)	(19)
General & administrative expenses	(99)	(140)	(206)	(152)	(114)
Associates & other gains/losses	24	(3)	125	(3)	39
Net operating profit	**550**	**427**	**523**	**312**	**233**
Other profit	(18)	1	322	7	4
Profit before tax	**532**	**428**	**845**	**319**	**237**
Corporate income tax expense	(130)	(116)	(199)	(85)	(203)
Profit after tax	**402**	**312**	**646**	**234**	**34**
Non-controlling interests	(3)	5	38	10	18
NPAT to parent shareholders	**405**	**307**	**608**	**224**	**16**
Quarterly EPS (VND)	430	326	646	238	16
Trailing 4-quarter ROE (%) — on average equity	6.7	7.1	9.7	7.0	4.7

Source: KBC consolidated financial statements, TCBS Research.

Appendix — Financial model & annual forecast · 2021–2030

Five reported years from the consolidated financial statements and five forecast years built on TCBS Research assumptions

	ACTUAL					FORECAST · TCBS				
Item	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
P/E (x)	**44.7**	**12.2**	**12.0**	**54.7**	**15.8**	**12.2**	**7.9**	**4.8**	**3.1**	**2.0**
P/B (x)	**2.5**	**1.2**	**1.3**	**1.1**	**1.3**	**1.0**	**0.9**	**0.7**	**0.6**	**0.5**
EV/EBITDA (x)	19.5	9.6	7.4	19.5	13.6	13.3	8.9	5.9	4.0	2.6
Net revenue (VND bn)	**4,246**	**950**	**5,618**	**2,776**	**6,687**	**10,049**	**15,030**	**22,556**	**33,901**	**50,876**
Revenue growth	*97.4%*	*−77.6%*	*491.3%*	*−50.6%*	*140.9%*	*50.3%*	*49.6%*	*50.1%*	*50.3%*	*50.1%*
Gross profit (VND bn)	2,467	266	3,695	1,283	3,190	5,024	7,515	11,278	16,950	25,438
Gross margin	58.1%	28.0%	65.8%	46.2%	47.7%	50.0%	50.0%	50.0%	50.0%	50.0%
EBITDA (VND bn)	1,920	2,296	3,403	1,156	3,792	4,124	6,186	9,243	13,840	20,751
EBITDA margin	45.2%	n.m.	60.6%	41.7%	56.7%	41.0%	41.2%	41.0%	40.8%	40.8%
NPAT to parent (VND bn)	**782**	**1,526**	**2,031**	**382**	**2,104**	**2,130**	**3,261**	**5,368**	**8,238**	**12,617**
NPAT to parent growth	*249.2%*	*95.1%*	*33.0%*	*−81.2%*	*450.8%*	*1.3%*	*53.1%*	*64.6%*	*53.4%*	*53.2%*
EPS (VND)	1,019	1,988	2,646	498	2,234	2,262	3,463	5,700	8,747	13,397
Total assets (VND bn)	**30,604**	**34,907**	**33,434**	**44,730**	**69,581**	**78,105**	**90,585**	**110,246**	**140,167**	**186,184**
Total debt (VND bn)	**7,054**	**7,638**	**3,659**	**10,113**	**28,638**	**28,457**	**28,454**	**28,653**	**29,063**	**29,051**
Cash & ST investments (VND bn)	4,578	4,125	2,706	8,424	10,246	6,033	4,982	7,113	8,541	8,012
Equity — parent (VND bn)	**13,891**	**16,068**	**18,176**	**18,558**	**24,801**	**26,933**	**30,195**	**35,563**	**43,802**	**56,419**
BVPS (VND)	18,097	20,933	23,679	24,177	26,334	28,597	32,061	37,761	46,509	59,906
ROE	**6.6%**	**10.2%**	**11.9%**	**2.1%**	**9.7%**	**8.2%**	**11.4%**	**16.3%**	**20.8%**	**25.2%**
ROA	3.5%	4.8%	6.6%	1.1%	3.9%	2.9%	3.8%	5.3%	6.4%	7.5%
NPAT to parent margin	18.4%	n.m.	36.1%	13.8%	31.5%	21.2%	21.7%	23.8%	24.3%	24.8%
Net debt / equity (x)	0.18	0.22	0.05	0.09	0.74	0.83	0.78	0.61	0.47	0.37
Debt / EBITDA (x)	3.7	3.3	1.1	8.7	7.6	6.9	4.6	3.1	2.1	1.4
EBIT / interest expense (x)	3.8	4.2	8.6	3.7	5.3	2.0	3.0	4.5	6.8	10.2
Capex / fixed assets	96.7%	75.1%	278.8%	129.9%	25.3%	51.2%	41.8%	36.1%	43.9%	40.9%

Source: KBC consolidated financial statements, TCBS Research.

© Techcom Securities | Floors 27, 28 and 29, C5 Tower, D'Capitale, 119 Tran Duy Hung, Yen Hoa Ward, Hanoi | Hotline: 1900 23 23 66 | www.tcbs.com.vn

*To make sure you never miss the latest reports from TCBS Research, please register your email address at the following link: **Register**.*

For any feedback on our research, please write to research.feedback@tcbs.com.vn. Thank you.

Disclaimer: