VIETTEL GLOBAL INVESTMENT JSC (UPCOM: VGI)

A fresh breeze of growth from Telco to Techco

Using the DCF method, we determine the fair value of VGI shares for the next 12 months to be **VND 77,200,** equivalent to the forward P/E & P/B 2025 of 36.0/5.9. Combined with a cash dividend of 750 VND/share, we believe that the current price reflects the company's long-term prospects.

Traditional telecom services remain the main revenue generator despite entering a saturation phase

VGI believes that traditional services have been in a saturation phase even though the revenue growth rate is higher than the global average with a CAGR of 15% from 2020 to 2024. The main growth drivers are the demand for 4G in Africa and FTTH in Southeast Asia, and 5G. In the medium to long term, the growth in the number of subscribers (about 3 mn subscribers/year) will compensate for the avg. revenue/subscriber (ARPU), which is tending to maintain/decrease due to the gradual popularity of technology.

We forecast revenue in this segment to increase with a CAGR of 6.9% in the period 2024 – 2029, from VND 29,148 bn (2024) to VND 40,632 bn (2029) thanks to the continued expansion of the subscriber market share.

Digital services have become a new growth driver thanks to catching up with the trend of digital transformation in regions

In 2024, digital service revenue reached VND 5,376 bn (+69.9% YoY), contributing 15.2% to total revenue. The proportion is increasing thanks to the "techco" strategy at the right time and in the right way.

We highly appreciate the potential of this segment with the expectation that it will reach revenue of VND 17,719 bn by 2029 (contributing 30.1% to revenue, CAGR of 26.9%/year in 2024 – 2029), thanks to:

(1) Large gaps in the bank payment system are underdeveloped, especially in Burundi, Mozambique, Haiti and Timor-Leste.

(2) Taking advantage of the internal resources from Vietnam (strengths and experience from the parent company) and the support from the governments of countries undergoing the national digital transformation.

Key bright spots for VGI in the upcoming period:

- By 2025, VGI has recovered capital in 5/9 markets (with a capital recovery rate of 85%) and ranked 1st in subscriber market share in 7/9 markets, and theses figures are expected to continue rising.
- Financial position and cash flow: debt ratio is gradually decreasing, VGI has been profitable since 2022, and cash flows have become more stable. Receivables from Mytel are likely to be recovered after adjusting principal/interest repayment schedule to 2031, as announced at the 2025 AGM.
- VGI is experiencing a "counter-cyclical" growth trend, after solidifying consumer demand in invested markets after years of penetration. ROE reached 15.7% in 2024, improving from -1.3% in 2021, driven by a significant increase in net margin while maintaining lower leverage compared to industry peers.

Risks

- *Subscriber market share and average revenue per user (ARPU) growth fell short of expectations*
- *Exchange rate volatility and hedging capacity may pose risks of unexpected financial burdens*

Key financial ratios

Y/E Dec (VND Bn)	FY2022	FY2023	FY2024	FY2025E	FY2026F	... FY2029F
Net revenue	23,629.6	28,212.2	35,367.7	39,764.2	43,836.3	58,917.8
Growth (%)	*22.8%*	*19.4%*	*25.4%*	*12.4%*	*10.2%*	*10.1%*
EBITDA	4,911.7	6,247.6	10,664.4	13,142.4	14,724.9	20,521.1
NPAT-MI	834.1	622.5	5,626.2	6,528.3	7,518.2	10,898.8
Growth (%)	*-327.5%*	*-25.4%*	*803.8%*	*16.0%*	*15.2%*	*12.5%*
Net margin (%)	3.5%	2.2%	15.9%	16.4%	17.2%	18.5%
ROA (%)	1.7%	1.2%	8.9%	9.5%	10.2%	10.9%
ROE (%)	2.9%	2.0%	15.7%	16.3%	17.2%	18.7%
Basic EPS (Dong)	274.0	205.0	1,848.0	2,145.0	2,470.0	3,581.0
BV (Dong)	9,563.0	10,026.0	11,772.0	13,167.0	14,402.0	19,188.0
Cash dividend (Dong)	-	-	-	750.0	1,235.0	1,790.0
P/E (x)	98.1	444.2	36.9	36.0	31.3	21.6
P/BV (x)	2.8	9.2	6.0	5.9	5.4	4.0

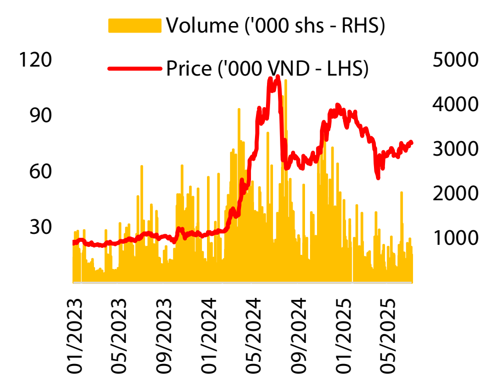
Source: VGI, RongViet Securities. Based on the closing price on 12/08/2025

NEUTRAL

Market Price (VND)	80,400
Target Price (VND)	77,200
**1-year expected cash dividend (VND/share):*	*750*

Stock Information

Sector	Telecom service
Market Cap (VND Bn)	244,722
Share O/S (mn shares)	3,043.8
Beta	1.25
Free Float (%)	0.97
52-week high (VND)	111,031
52-week low (VND)	56,025
Avg. trading volume (20 sessions)	813,267



Performance (%)

	3M	1Y	2Y
VGI	6.8	-30.0	188.8
VN30 Index	22.4	16.2	16.1
VN-Index	21.1	13.1	10.3

Major shareholders (%)

Viettel Group	99.03%
Others	0.97%

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VALUATION

LONG-TERM VALUATION BY FCFF METHOD

DCF assumption	Value	Valuation summary	Unit: VND bn
WACC 2025	13%	DCF forecast duration	5 years
Effective tax rates	33%	Discountable Free Cash Flow	189,561.9
Cost of equity	13%	+ Cash & Equivalent at valuation date	46,174.8
Risk-free rate	4.6%	- Debt	761.2
Equity risk premium	6.4%	Equity value	234,975.5
Beta	1.25	No. of outstanding shares (million shares)	3,043.8
Exit EV/EBITDA	11.0x	**Equity value per share (VND)**	**77,198**

Source: RongViet Securities

Table 1: Sensitivity scenario for VGI's Equity Value per Share (VND) – DCF

		Exit EV/EBITDA				
		9.0x	10.0x	11.0x	12.0x	13.0x
WACC	11%	72,848	77,205	81,562	85,919	90,276
	12%	70,949	75,139	79,330	83,520	87,710
	13%	69,135	73,166	77,198	81,229	85,260
	14%	67,401	71,281	75,161	79,041	82,920
	15%	65,743	69,478	73,214	76,949	80,684

Source: RongViet Securities

We forecast and value based on the key assumption that VGI has not invest in new markets in the period of 2025 - 2029, which means that the business will still operate and exploit services in 09 existing markets (Refer to "Timeline of VGI's investment in overseas markets”). We have great confidence in VGI's future growth potential, mainly due to the expansion of digital services, and this outlook has been fully and objectively reflected in our forecast and valuations.

Using the 5-year cash flow discount (DCF) method, the fair value for each VGI share is VND 77,200. Based on the closing price on August 12, 2025, we make a **NEUTRAL** recommendation for VGI. ***Investors may refer to our sensitivity analysis table to make investment decisions that in line with their risk appetite for this stock***.

INVESTMENT RISKS

Upside risk – Occurs when the future business performance is more optimistic than our forecasts and assumptions, resulting from VGI having new potential international markets: VGI is evaluating and considering investing in at least 1-2 more foreign markets. In a favorable scenario, this could increase the business’s value in the long term.

Downside risk – Occurs when uncertainties are beyond the scope of our and business's forecasts, in the context of a complex and constantly fluctuating international situation: (1) Frequent natural disasters and violence (especially in Myanmar and Haiti) may disrupt business activities if they severely affect telecommunications infrastructure and consumer demand; (2) In an unfavorable scenario for additional investment plans, new markets that are difficult to access may make the business situation less positive.

We present the key aspects of VGI stock, supporting our valuation outlined above, as follows:

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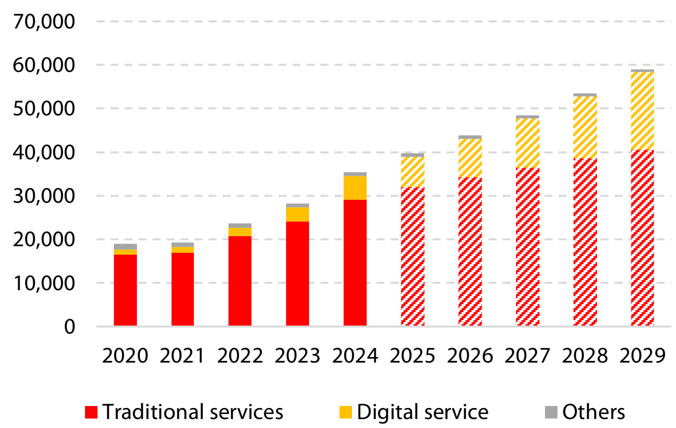
FINANCIAL ANALYSIS & FORECAST FOR 2025-29

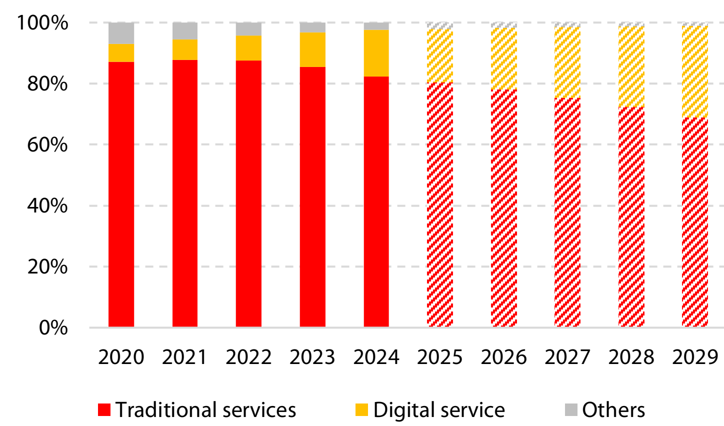
Revenue: *We forecast VGI's net revenue to grow at a CAGR of 10.7%/year in the period of 2025 – 2029 with the expectation of continuing to maintain the core growth driver of traditional telecommunications services, the growth rate of this segment slows down with a CAGR of 6.9% compared to 15.2%/year (in period 2020 -2024) due to almost saturated markets, the market share increased more slowly or maintained. Instead, digital services have become a new growth driver with an estimated CAGR of 26.9%/year in the same period.*

Figure 1: VGI's net revenue by segments (VND bn)



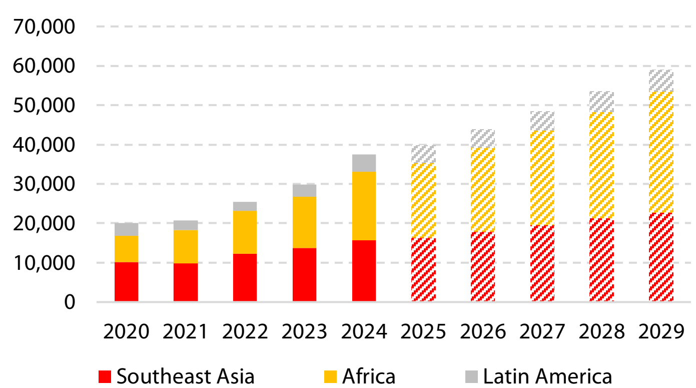
Source: VGI, Rong Viet Securities

Figure 2: VGI's revenue contribution by segments (%)



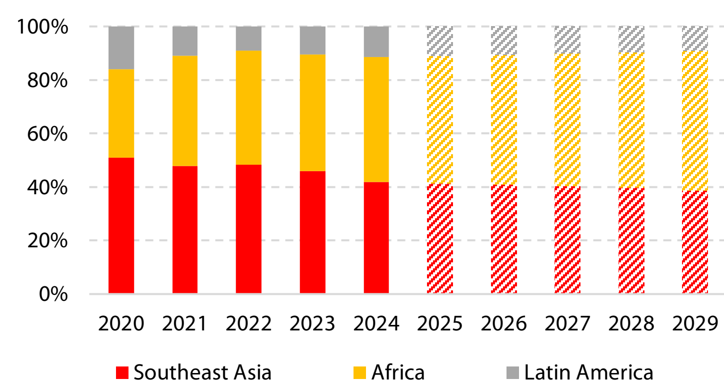
Source: VGI, Rong Viet Securities

Figure 3: VGI's net revenue by region (VND bn)



Source: VGI, Rong Viet Securities

Figure 4: VGI's revenue contribution by region (%)



Source: VGI, Rong Viet Securities

VGI's revenue structure is shifting simultaneously in 2 aspects, specifically:

- **The strategy of shifting from "Telco" to "Techco":** The current trend of the telecommunications sector when it approaches saturation. VGI has promoted the digital service segment since 2020 and received positive results, especially thanks to the contribution of the African market due to the bank's underdeveloped infrastructure and digital payment system. VGI is encouraged by governments of other countries in the plan of "national digital transformation".
- **By region from "Southeast Asia to Africa":** Early penetration into Southeast Asian countries and ranked No. 1 subscriber market share in all 4 markets. By 2017, VGI's market share had almost reached the saturation threshold and slowed down compared to the previous period. The expansion strategy has proven successful in gradually conquering the African market, the contribution of this market reached 49.4% in 2024 (+3.2 pps YoY), officially surpassing Southeast Asia from 2023.

(Refer to "The value of the telecom services in investment markets and the penetration level")

1. Traditional telecommunications services

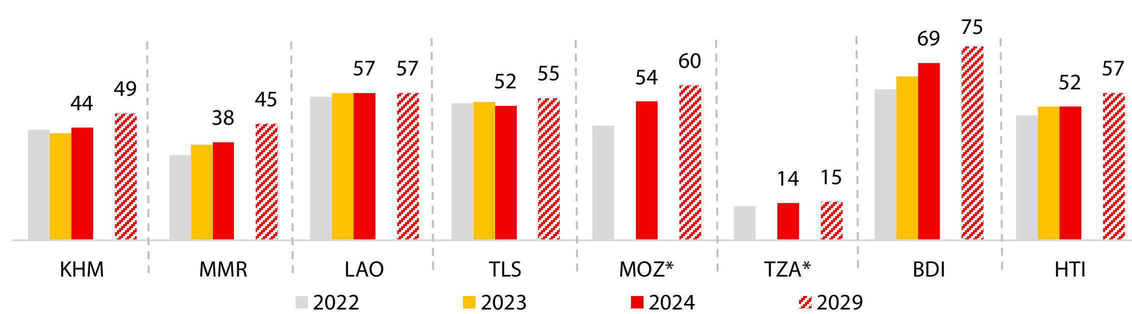
Traditional telecommunications services are VGI's core business, with the main portfolio of services including voice services (fixed, mobile), data services (fixed broadband internet, mobile broadband internet such as 3G/4G/5G). (refer to "Core business").

In 2024, telecommunications revenue reached VND 29,148 billion (+21% YoY), accounting for 82.4% of total net revenue with a CAGR of 15.2% from 2020 to 2024. Although the proportion of contribution to total revenue has tended to decrease slightly since 2020 due to the rapid development of expanded service segments (refer "Appendix 4 – Projected figures by segment"), traditional telecommunications will remain the main growth driver in the coming time, with an average increase of 3 million subscribers/year.

We expect revenue from VGI's traditional telecommunications services segment to slow down, with a CAGR of 6.9% in the period 2024 – 2029, still higher than the estimated 6.2% CAGR growth of the global telecommunications services market in the same period (according to Technavio). This growth is mainly based on the expectation that businesses will continue to expand their subscriber market share in investment markets until 2029 (Figure 5), specifically:

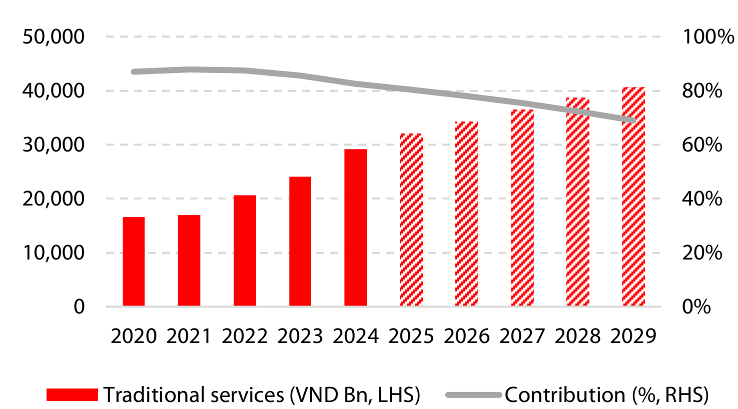
- Cambodia and Myanmar: Two relatively saturated markets in Southeast Asia. However, we highly value the company's competitive advantage over its competitors thanks to the advantage of scale and the no. 1 position, which enables VGI to gain nearly 50% of market share.
- Timor-Leste, Mozambique, Burundi and Haiti: In these markets, in addition to being the no. 1 subscriber market share, the exploitation potential is still large thanks to the relatively low internet and mobile network penetration, along with the underdeveloped telecommunications infrastructure compared to other countries in the region (refer to "The scale and extent of internet and mobile network penetration in investment markets")

Figure 5: Estimated market share of telecommunications subscribers of VGI (%)



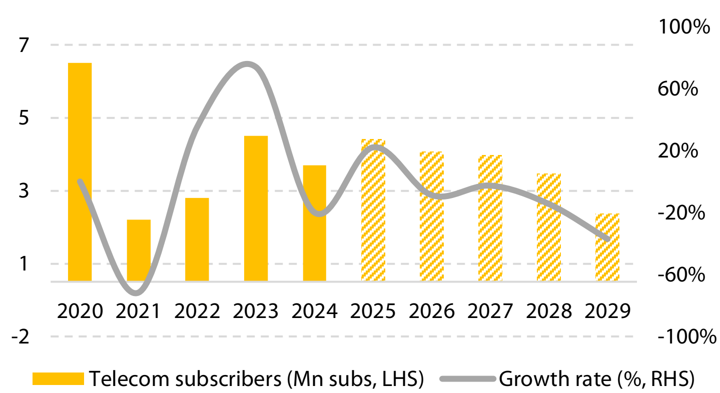
Source: VGI, RongViet Securities – (*) The no. of telecom subscribers in 2023 of MOZ and TZA is empty due to lack of data

Figure 6: Revenue from traditional telecom services



Source: VGI, RongViet Securities

Figure 7: The no. of additional telecom subscribers



Source: VGI, RongViet Securities

We expect 4G mobile networks to be more widely distributed in Africa, and 4.5G/5G technology will be widely deployed in countries in the next 5 years after successful test broadcasts in Southeast Asia. VGI is focusing on promoting the transition to VoLTE voice (high-quality wireless calling over 4G instead of 2G/3G) to reduce resources for legacy technology, while expanding 4G coverage and moving towards 5G deployment to meet the increasing demand for faster transmission speed.

However, we believe that the deployment of new technologies such as 5G in the future is unlikely to create a breakthrough in the no. of subscribers or ARPU. This has been noted in a mature telecom market such as South Korea, where 5G has not prevented the decline in the no. of new subscribers.

- Subscriber growth remains the key driver, offsetting decline or flat telecom ARPU as the market nears saturation and technology becomes more widespread.
- In addition, competitive pressures on technology, tariffs, as well as operating policies in markets (such as price control and limitations in the traditional telecommunications service model) will be factors that inhibit the ability to increase ARPU of this segment.

2. Non-traditional telecommunications services (Digital services)

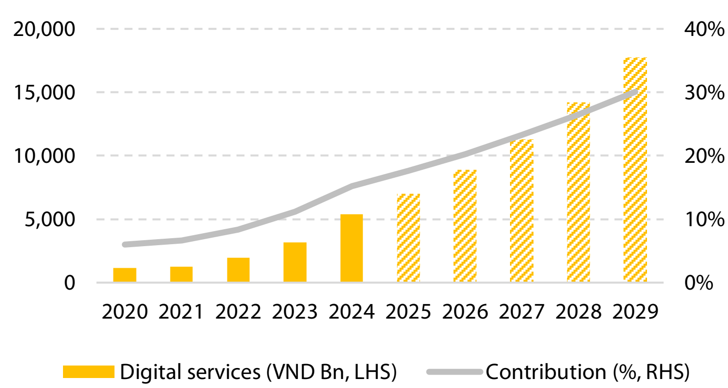
"Techco" to diversify revenue sources is a new direction in the current context of VGI. The telecom market is thriving again with new service portfolios being exploited such as e-wallets, super apps, and digital content (see "Core Business Activities") on the existing telecommunications infrastructure platform, as financial inclusion is gradually becoming more popular. In VGI investment markets, the demand for e-wallet services alone has recorded impressive growth in recent years.

In 2024, digital service revenue reached VND 5,375.9 billion (+69.9% YoY), contributing 15.2% to total revenue. Revenue from e-wallet services increased by +57% YoY thanks to strong growth in serveral markets: E-Mola (Mozambique) +98%, Lumicash (Burundi) +50% and E-money (Cambodia) +33%.

We highly appreciate the potential of VGI's digital service segment in the future with the expectation that this segment will continue to increase its contribution to revenue from 15.2% (2024) to 30.1% (2029), equivalent to a CAGR of 26.9%/year in the period 2024 – 2029, based on some theses given as follows:

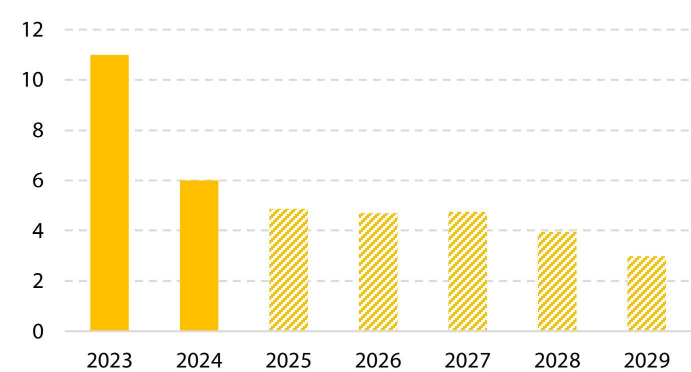
- ***A big gap in the payment system in some countries:*** Timor-Leste, Burundi, Mozambique, Haiti have a big gap in banking, medical services, and digital payments. This creates conditions for the development of personal financial services, financial solutions for businesses, and e-Government.
- ***Encouragement from governments:*** VGI is highly appreciated for pioneering digital transformation. Taking advantage of the internal resources from the Vietnam (strengths and experience from parent company in building national databases, digital government infrastructure) to play the role of bridging cooperation in diplomatic relations. In addition, the availability of traditional telecom subscriber files is also a favorable condition to reach and expand customers in this segment.

Figure 8: Digital service revenue and contribution



Source: VGI, RongViet Securities

Figure 9: The no. of additional digital subscribers



Source: VGI, RongViet Securities

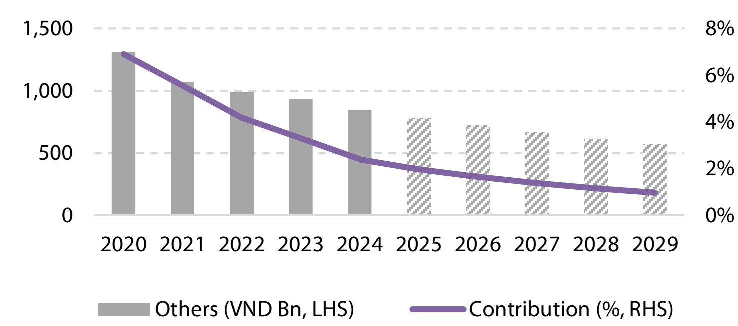
3. Other segments (Sales segment)

Business performance reflects a deliberate decline with the proportion of sales revenue to total net revenue decreasing from 7% (2020) to 2.4% (2024), clearly demonstrating the view *that "Sales activities are not the focus of strategy, only maintained at a minimum"* to supply equipment to subsidiaries/associates. In addition, COGS/revenue of this segment always remains higher than 120%, indicating an unprofitable operation.

The strategy of "reduce/maintain to a minimum" sales revenue is appropriate, to focus on core telecommunications services and digital services, limiting profit erosion in the long term.

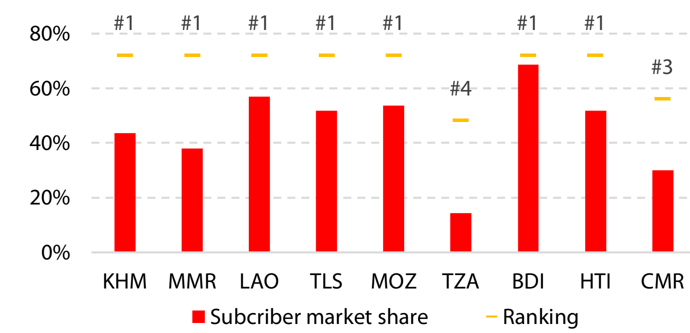
Therefore, we forecast sales revenue to gradually decrease with a CAGR of -7.7%/year in the period of 2024 – 2029, corresponding to the proportion of contribution to revenue decreasing to 1% by 2029.

Figure 10: Sales revenue and proportion of contribution



Source: VGI, RongViet Securities

Figure 11: VGI telecom subscriber market share, 2024 (*)



Source: VGI, RongViet Securities

(*) End of FY24, VGI reached the no. 1 position in subscriber market share in 7/9 countries, +1 MOZ when surpassing Vodacom (no. 1 position for many years).

Cost structure

Gross profit margin: VGI's gross profit comes entirely from traditional telecommunications services and digital services, thereby offsetting the loss from the sales segment - which only provides equipment between VGI and companies in investment markets.

VGI's gross margin tends to improve continuously over the years, increasing from 37.3% (2020) to 50.6% (2023 – 2024 period). This comes from the nature of the telecommunications service industry, in which the initial investment cost for network infrastructure and connectivity is almost a fixed cost. The increase in the number of subscribers will help increase revenue but reduce the proportion of COGS per subscriber. In addition, maintaining a minimum sales segment (which has a negative gross margin) contributes significantly to improving the overall gross margin.

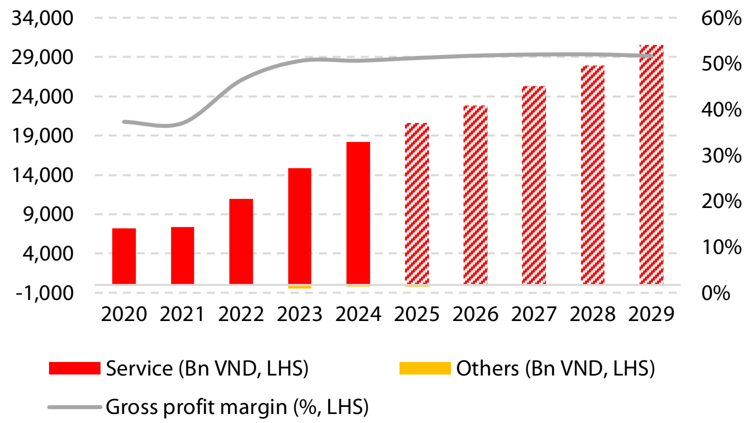
We expect VGI's gross margin to improve further, reaching 52% until 2029, corresponding to an increase in gross profit from VND 17,905 billion (2024) to VND 28,465 billion (2029). Particularly in 2025, gross profit is estimated at VND 20,364 billion (+13.7% YoY), equivalent to a gross margin increasing to 51.2% (+0.6 pps YoY).

The main driver came from the increase in the exploitation of new telecommunications subscribers and digital subscribers, despite the lack of significant investments in network infrastructure during the year. For more detail, we estimate that the total number of telecommunications subscribers and digital subscribers will increase to nearly 9 million in 2025, almost equal to the growth rate in 2024 (Back to Figure 7, Figure 9), helping to increase the total number of subscribers strongly, while fixed asset investment (CAPEX) remains around VND 3,000 – 3,500 billion as in previous years. (See Fixed Asset Investment)

At the same time, the sales segment (which has a negative gross margin) continues to reduce its share in the revenue structure, estimated at 2% (-0.4 pps YoY) in 2025, thereby contributing to supporting the momentum of improving the gross profit margin of the business.

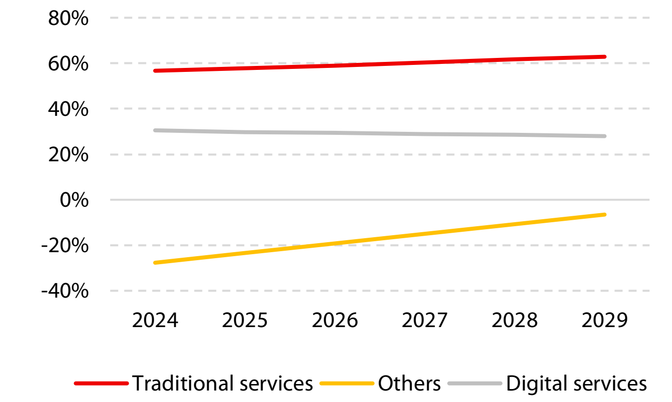
However, VGI's gross profit margin ranging from 50 to 52% is generally still considered relatively low compared to the common ground of enterprises in the same industry with similar operations in many markets (Figure 16)

Figure 12: Gross profit by service and sales segment



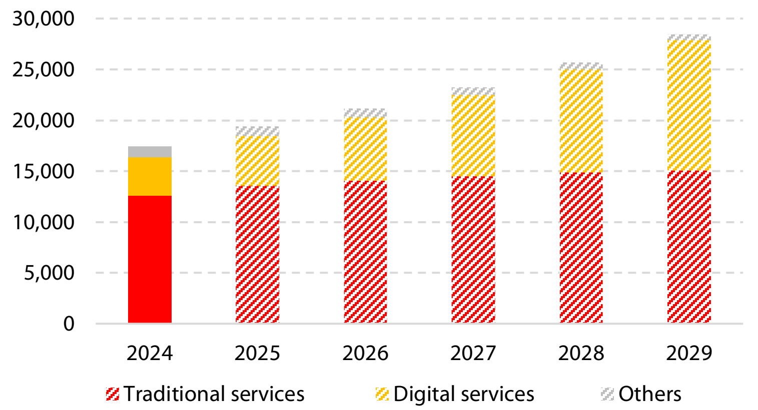
Source: VGI, RongViet Securities

Figure 13: Gross profit margin by segment (%)



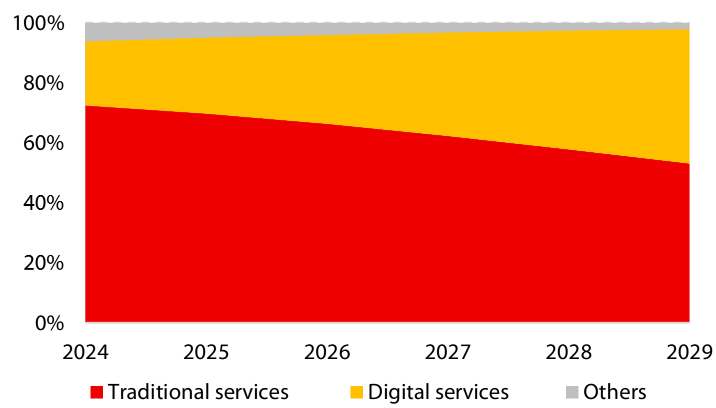
Source: VGI, RongViet Securities

Figure 14: Cost of goods sold (Billion VND)



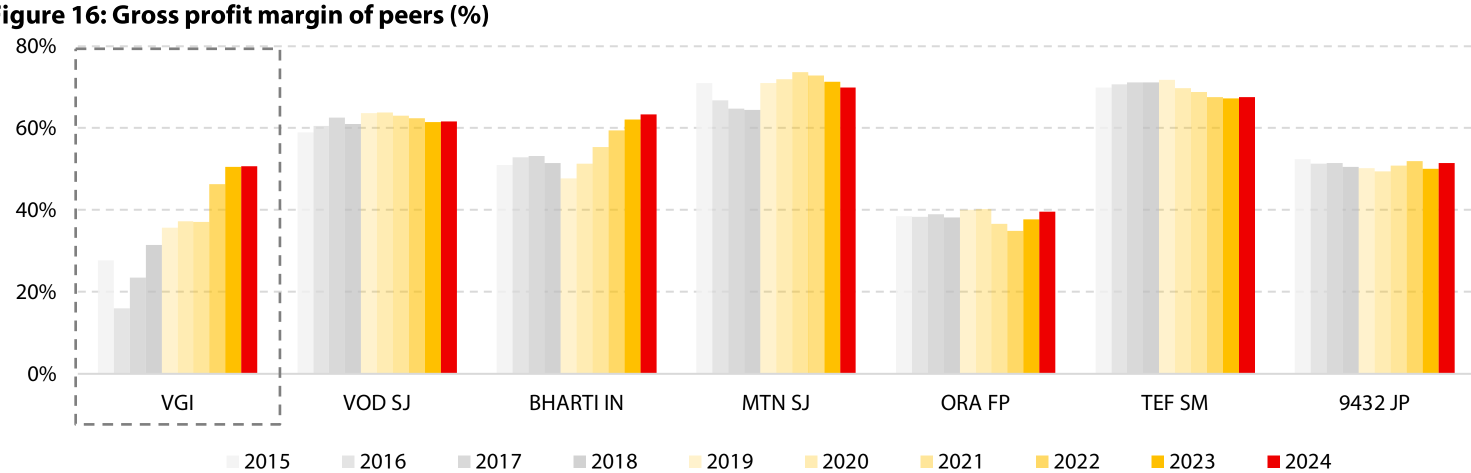
Source: VGI, RongViet Securities

Figure 15: Structure of cost of goods sold (%)



Source: VGI, RongViet Securities

Figure 16: Gross profit margin of peers (%)



Source: Bloomberg, RongViet Securities

SG&A expenses

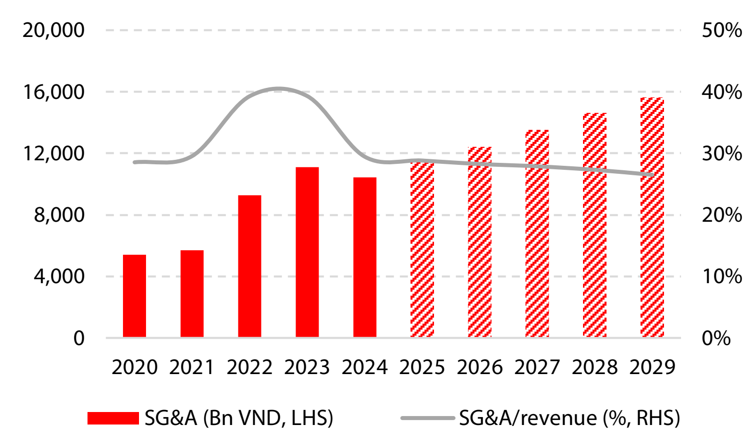
VGI's total cost of SG&A/revenue has remained relatively high, ranging from 28% to 40% in the last 5 years (Figure 17). This reflects the characteristics of the telecommunications service industry and VGI's wide scope of operation, when present in many markets with relatively low penetration, require boosting sales activities, especially with a predominantly B2C customer base.

Selling costs: usually lower than business administration costs. However, the ratio of selling costs to revenue increased from 10% (in 2021) to 13% (in 2023), indicating a growing trend of investment in distribution and customer access.

- Spending on advertising, communication, and paying commissions to agents and affiliates accounted for 23.2% of SG&A costs in 2024 and remained more than 15% over the years, reflecting that this is the main distribution channel.
- In 2023, advertising, communication and distribution channel expansion activities were significantly promoted, to support subscriber growth. As a result, the number of additional telecommunications subscribers in 2023 reached 4 million and the number of subscribers increased by 11 million, double the previous 2 years and reached 200% of the plan for the year (Figure 18).

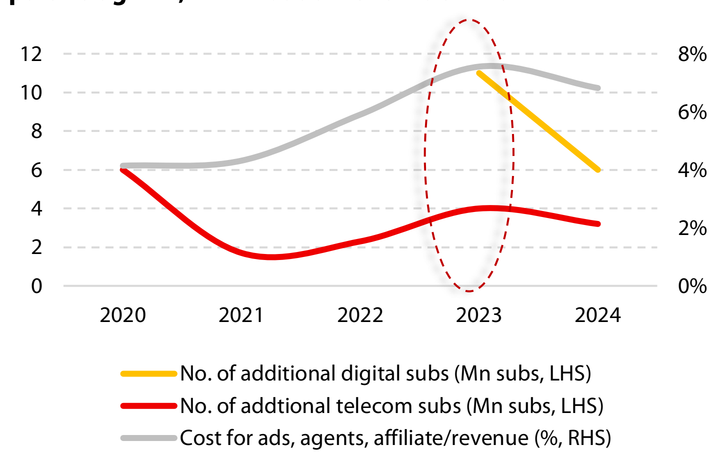
In the context of increasingly limited exploitation space, the subscriber growth target in the coming period will force VGI to continue to invest more heavily in promotions and develop B2C distribution channels. This is not only to expand the customer base but also to increase the conversion rate from subscribers using traditional telecommunications services to using higher value-added digital services.

Figure 17: Cost of insurance and management (Billion VND)



Source: VGI, RongViet Securities

Figure 18: Correlation between ads costs, communication, paid to agents, CTV vs. additional subscribers



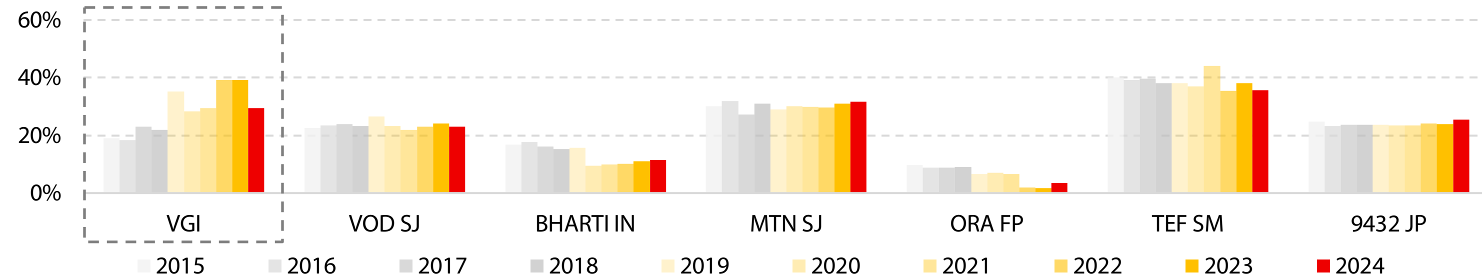
Source: VGI, RongViet Securities

General & administration costs: The proportion of administration costs/revenue has remained stable at 18-20% over the years, mainly allocated to management activities and expert training. This expenditure is especially important in less developed markets that require a highly experienced management team and a high level of commitment. We believe that this is also one of the attractive policies of businesses to attract and retain quality personnel and improve the level of long-term attachment to the organization.

In summary, in 2025, we forecast VGI's SG&A expenses to reach VND 11,459 billion, corresponding to the proportion of SG&A/net revenue expected to return to a stable level of 29%. This proportion is expected to follow a slight downward trend, to 26.5% by 2029 (Figure 17).

The forecast is based on the basis and assumption that VGI will reduce the provision for allowance for market companies in Myanmar according to the plan from now to 2031, while maintaining a stable cost structure, especially for the group of expenses that account for a large proportion such as marketing, ads, etc. agents, affiliates and costs for experts and managers.

Figure 19: Comparison of the proportion of SG&A costs of companies in the industry



Source: Bloomberg, RongViet Securities

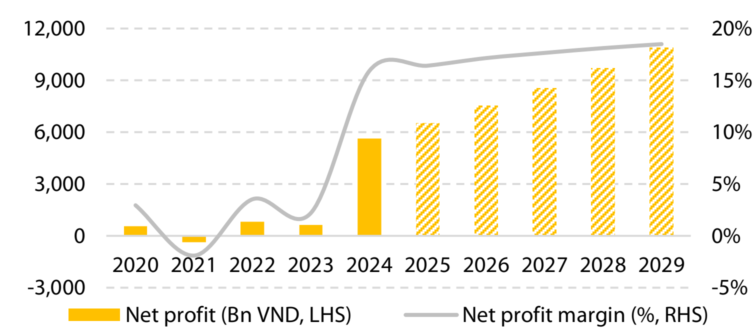
Net Profit

NPAT-MI's forecast for 2025 is VND 6,528 billion (+16% YoY), corresponding to the expected NPAT-MI's margin to increase to 16.4% (+0.5 pps YoY) and continue to gradually improve to 18.5% to 2029:

- The business has entered a relatively good and stable operating cycle since 2023 - after a period of expansion to remote, less developed areas. The demand for services has gradually been shaped, helping the company better tailor operating costs according to each market.
- We believe that VGI will focus more on new subscriber growth, and accelerate the exploitation and conversion of existing subscribers, prioritizing subscribers with high ARPU to increase revenue. At the same time, optimizing operating costs and COGS per subscriber will contribute to improving profit margins.

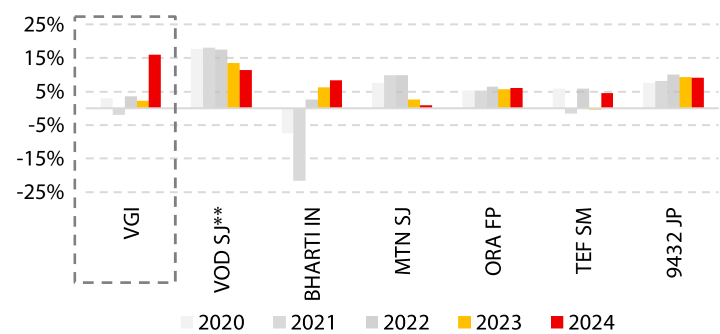
We find that VGI's NPAT-MI's margin in 2024 is relatively high compared to businesses in the industry with the same nature of operations. However, we assess that this level is not too high compared to the industry standard when the net margin can fluctuate on average at 15-30% during the revenue growth period.

Figure 20: VGI's net profit



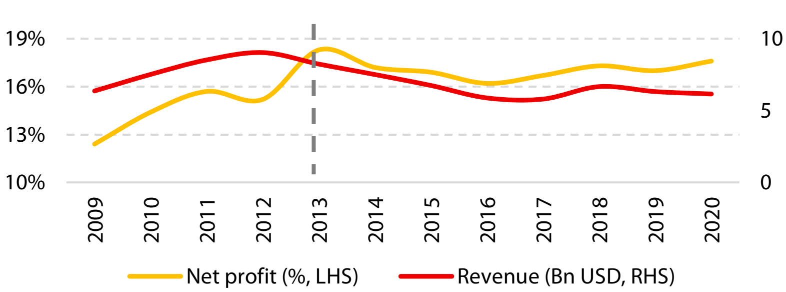
Source: VGI, RongViet Securities

Figure 21: Net profit margin of companies in the industry (%)



Source: Bloomberg, RongViet Securities

(**) Figure 22: Revenue trends and net margins in the growth and saturation period of comparative enterprises – VOD SJ



Source: Bloomberg, RongViet Securities

(**) Vodacom (VOD SJ) is a direct competitor to VGI in the comparison list: operating in 2 markets (including Mozambique* and Tanzania), recording a decline in revenue and net margin after 2013 due to the majority of investment markets being saturated or having reduced market share, which is considered to have gone through a period of strong growth.

Therefore, with VGI's growth prospects in the period of 2025 – 2029, we believe that the trend of net margin increases from 16% to 18% in 2029 is grounded and is a level worth expecting.

**VGI has surpassed VOD SJ to win the No. 1 subscriber market share in the Mozambique market in 2024, after 12 years of penetration.*

Key Asset Highlights

Working capital

VGI's performance indicators have improved significantly in the period 2020 – 2024 in terms of the number of days receivable, inventory days and cash cycle (Figure 23).

- **DSO:** shorten after 2021. We find that this result not only reflects VGI's tightening of cash turnover but also partly demonstrates prudent accounting policy through relatively large provisions for receivables arising at VCR and Mytel.
- **DPO:** is also on a downward trend, but the pace is slower and is now approaching a low level compared to the industry average. We believe that the possibility of further decline is not high, and this rate may increase again from 2025. The payables are mainly related to equipment procurement, enterprise solutions, and transactions with major suppliers such as Huawei, ZTE, and internal corporations. In the context of an increasingly diverse and complex supplier ecosystem, deeper reduction in accounts payable can put pressure on operating cash flow.
- **DOH:** Due to the nature of the service industry, the days of inventory on hand are not too large and has little volatility. Inventory value accounts for a low proportion in current assets with a maintenance rate of 6-7%. The inventory structure is mainly materials for the construction/maintenance of the BTS each year (accounting for ~55% of the inventory value) and part of the purchased goods are in the process of transportation.

In the period 2025 - 2029, we expect VGI's cash cycle to continue the trend of improvement, moving towards a negative level as peers (Figure 24). DSO is expected to improve slightly thanks to 2 main factors:

- The trend of revenue increasingly comes from upfront or spot collections, such as prepaid fees and direct transaction fees.
- Continue to recover debts from Viettel Myanmar (Mytel), with loan recovery expected to reach 23 million USD in 2025, the rest will be gradually collected by 2031 at the latest.

Figure 23: Working capital (Days)

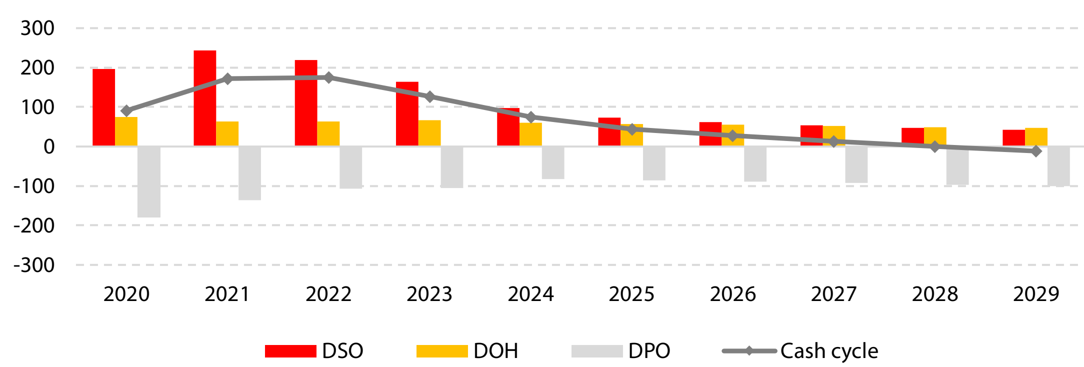
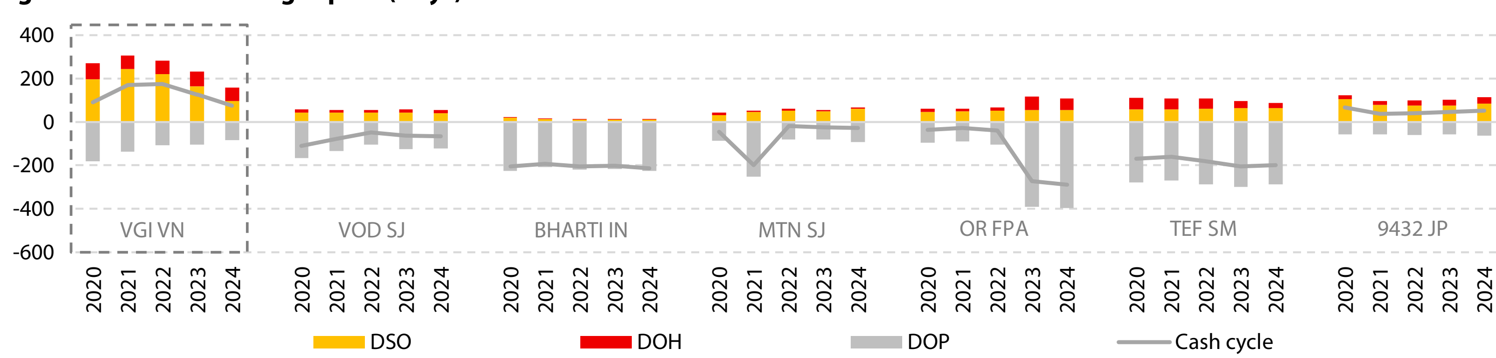


Figure 24: Peers' working capital (Days)



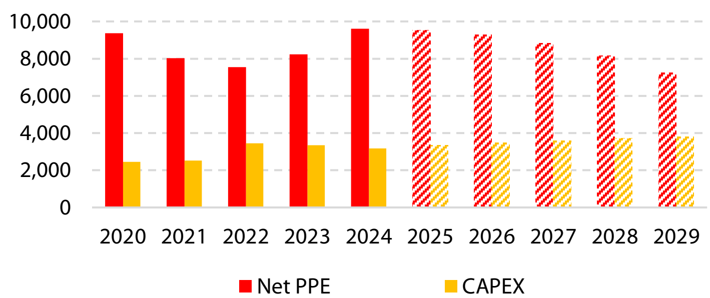
Source: Bloomberg, RongViet Securities

CAPEX

Before 2018, CAPEX remained at a high level of VND 4,000 – VND 9,000 billion due to VGI's investment in new markets (Tanzania and Burundi in 2015 with a CAPEX of VND 9,000 billion and Myanmar in 2017). If not expanding, VGI's CAPEX is usually maintained around VND 3,000 – 3,500 billion, mainly spent on BTS & cable routes and maintaining existing fixed assets. According to a statement to the media, VGI plans to expand at least 1-2 new markets in the period of 2025 – 2030. However, more detailed information about the investment market/implementation time/size and type of business has not yet been officially announced in writing.

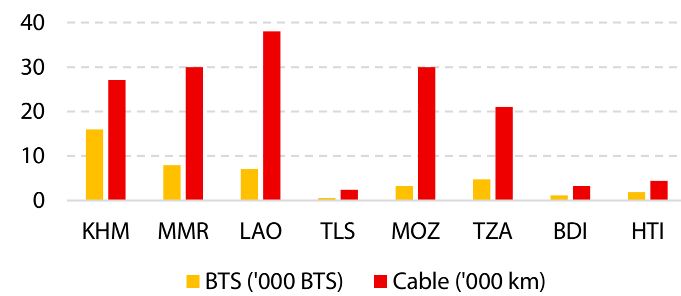
Therefore, we forecast CAPEX (and other performance factors) based on the key assumption that the company is still operating within current 09 countries (see Timeline of VGI's overseas investment) with an average total investment of 3,500 billion VND/year for the period of 2025 – 2029.

Figure 25: CAPEX



Source: VGI, RongViet Securities

Figure 26: No. of BTS and cable length of VGI (2024)



Source: VGI, RongViet Securities

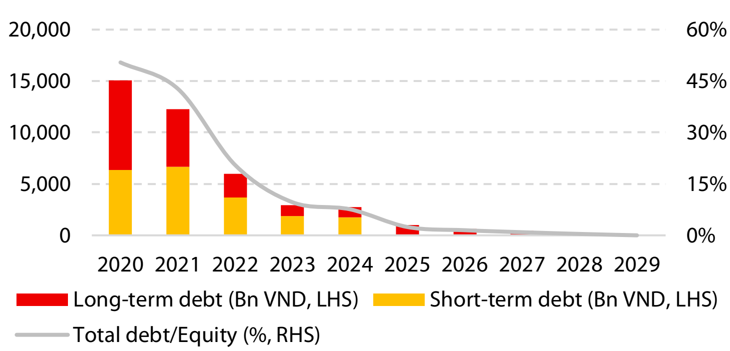
Debt structure

In the period of 2020 - 2024, VGI recorded a sharp decline in the ratio of debt to revenue and equity, clearly reflecting a prudent financial strategy and the trend of cash flow autonomy. The ratio of debt to equity has decreased continuously from 115% (2015) to 7.6% (2024), financial leverage is much lower than that of peers (Refer to Dupont 3-factor analysis of peers). Due to the nature of activities abroad, which have a high level of instability, VGI's debts are mainly denominated in USD and MZN to minimize volatility. However, the interest rate environment is still relatively high with a large fluctuation range, the average interest rate tends to increase from 5.3% to 11% (2022 – 2024).

This creates a reasonable basis for the projected scenario of debt reduction in the period 2025 – 2029, on the other hand, thanks to expectations of growth potential, stable cash flow, and the motivation to reduce interest costs due to the unstable interest rate environment (stemming from the public debt burden of African governments).

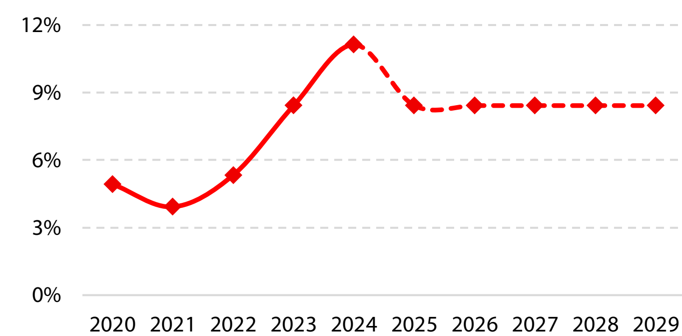
We expect that the long-term loan debt of VND 974.6 billion will be gradually settled in the next 5 years and it is expected that the business will no longer have debt after 2029.

Figure 27: Debt structure



Source: VGI, RongViet Securities

Figure 28: Average interest rate

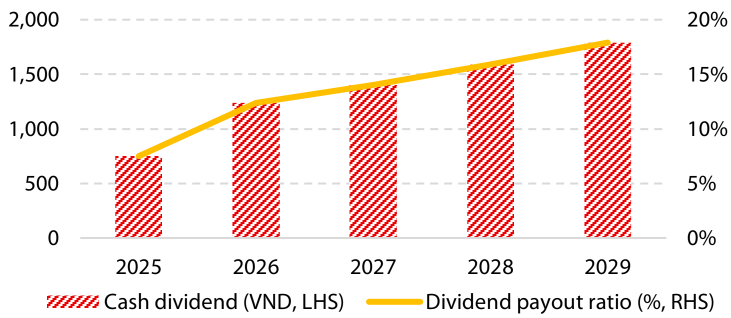


Source: VGI, RongViet Securities

Dividend policy

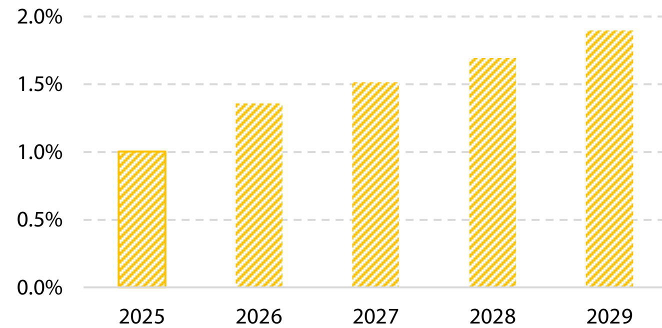
VGI has announced a cash dividend policy with a payout ratio of 7.5% for the fiscal year 2024, equivalent to 750 VND/share, expected to be implemented in 2025. With a relatively positive growth outlook in the period of 2025 - 2029, we assume that the company will maintain a regular annual dividend payment policy with an increase in the payout ratio in tandem with the profit growth rate.

Figure 29: We assume VGI will pay cash dividends in the following years (after the start of payments for FY24)



Source: VGI, RongViet Securities

Figure 30: Dividend yield of VGI (%)



Source: RongViet Securities

Return on Equity (ROE) - Dupont Analysis

VGI's ROE in 2024 recorded a significant improvement thanks to simultaneous growth in all three constituent factors: financial leverage, asset turnover and net profit margin. The most important driver came from the sharp increase in net profit margin from negative 1.3% (in 2020) to 16% (in 2024), mainly thanks to the remarkable increase in revenue, especially in the digital services segment (Back to Digital Services), along with efforts to optimize operating costs, including large expenses such as SG&A.

In general, the factor that has the greatest influence on the industry's ROE is usually in the net profit margin, while the indicators of asset turnover and financial leverage are maintained at a relatively stable level (Table 3). Compared to other enterprises in the same industry, VGI is entering a period of "upstream" growth while maintaining a relatively low level of financial leverage, striving to improve ROE through expanding profit margins since 2021.

With the forecasts and assumptions given about the growth prospects and the ability to optimize operating costs in the period of 2025 – 2029, we expect VGI's ROE to continue to improve with the main driver coming from the increase in net margin, while maintaining the stability of the other two indicators.

Table 2: Dupont analysis of VGI

DUPONT ANALYSIS	2021	2022	2023	2024	2025E	2026F	2027F	2028F	2029F
VGI	-1.3%	2.9%	2.0%	15.7%	16.3%	17.2%	17.8%	18.3%	18.7%
Net margin	-1.9%	3.5%	2.2%	15.9%	16.4%	17.2%	17.7%	18.1%	18.5%
Asset Turnover	0.36	0.47	0.54	0.56	0.58	0.59	0.59	0.60	0.59
Financial Leverage	1.85	1.73	1.72	1.77	1.71	1.69	1.71	1.69	1.71

Source: VGI, RongViet Securities. Note: All profit margins are our estimates and assumptions, not VGI sources.

Table 3: Dupont analysis of 3 factors of peers

DUPONT ANALYSIS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
VOD SJ	56.2%	55.9%	55.7%	34.7%	20.8%	18.8%	19.4%	21.6%	20.3%	18.2%
Net margin	17.0%	16.1%	16.5%	17.8%	17.1%	17.6%	16.9%	16.7%	14.1%	10.8%
Asset Turnover	1.13	1.07	1.02	0.81	0.61	0.53	0.54	0.59	0.59	0.64
Financial Leverage	2.93	3.25	3.31	2.40	2.00	2.03	2.12	2.20	2.46	2.62
BHARTI IN	8.5%	9.4%	5.7%	1.6%	0.6%	-43.3%	-22.2%	6.8%	11.6%	9.4%
Net margin	5.6%	6.3%	4.0%	1.3%	0.5%	-36.8%	-15.0%	3.7%	6.0%	5.0%
Asset Turnover	0.49	0.46	0.42	0.34	0.31	0.28	0.28	0.33	0.34	0.34
Financial Leverage	3.11	3.27	3.42	3.53	3.73	4.28	5.19	5.65	5.62	5.58
MTN SJ	14.7%	-2.1%	4.5%	9.7%	10.8%	18.2%	12.9%	16.9%	3.2%	-7.3%
Net margin	13.7%	-1.8%	3.3%	6.5%	6.0%	9.5%	7.6%	9.2%	1.9%	-5.1%
Asset Turnover	0.52	0.51	0.52	0.54	0.54	0.55	0.51	0.55	0.54	0.44
Financial Leverage	2.06	2.33	2.61	2.80	3.31	3.49	3.34	3.33	3.23	3.29
ORA FP	10.1%	11.0%	6.3%	6.6%	10.8%	16.7%	0.0%	7.3%	8.4%	8.1%
Net margin	6.6%	7.2%	4.5%	4.7%	7.1%	11.4%	0.6%	4.9%	6.2%	5.8%
Asset Turnover	0.45	0.44	0.43	0.43	0.41	0.39	0.40	0.40	0.36	0.38
Financial Leverage	3.42	3.50	3.25	3.25	3.65	3.71	0.14	3.68	3.80	3.68
941 HK	12.0%	11.5%	11.6%	11.6%	10.0%	9.9%	10.0%	10.0%	10.0%	10.1%
Net margin	15.6%	16.1%	16.7%	16.1%	13.8%	13.8%	13.8%	13.1%	12.1%	12.1%
Asset Turnover	0.50	0.46	0.45	0.48	0.49	0.48	0.47	0.51	0.56	0.56
Financial Leverage	1.54	1.56	1.55	1.50	1.48	1.51	1.52	1.51	1.49	1.50
9432 JP	6.0%	8.4%	8.9%	9.9%	9.3%	9.3%	11.0%	14.9%	14.4%	13.9%
Net margin	4.7%	6.4%	7.0%	7.6%	7.2%	7.2%	7.7%	9.7%	9.2%	9.6%
Asset Turnover	0.54	0.55	0.54	0.55	0.54	0.53	0.52	0.52	0.53	0.49
Financial Leverage	2.38	2.38	2.36	2.36	2.39	2.47	2.77	2.96	2.92	2.98
GLO PM	28.5%	28.9%	25.7%	23.0%	26.6%	28.8%	22.5%	24.0%	25.3%	15.0%
Net margin	13.0%	13.8%	12.5%	11.1%	12.3%	13.4%	11.6%	14.0%	19.8%	13.6%
Asset Turnover	0.61	0.64	0.57	0.51	0.52	0.55	0.50	0.42	0.35	0.31
Financial Leverage	3.61	3.29	3.61	4.02	4.11	3.90	3.90	4.04	3.71	3.57
TEL PM	25.2%	17.8%	18.1%	12.4%	17.3%	20.1%	21.4%	22.1%	9.0%	24.9%
Net margin	20.0%	12.9%	12.1%	8.4%	11.6%	13.3%	13.4%	13.6%	5.1%	12.6%
Asset Turnover	0.41	0.38	0.36	0.34	0.35	0.34	0.33	0.32	0.33	0.34
Financial Leverage	3.08	3.60	4.20	4.35	4.30	4.50	4.85	5.04	5.38	5.79

Source: Bloomberg, RongViet Securities

Table 4: VGI's annual income statement

NET REVENUE	2021	2022	2023	2024	2025E	2026F	2027F	2028F	2029F
Net revenue	19,242.0	23,629.6	28,212.2	35,367.7	39,764.2	43,836.3	48,432.1	53,497.0	58,917.8
Cost of goods sold	12,118.1	12,670.8	13,944.2	17,462.3	19,400.0	21,163.2	23,259.2	25,675.3	28,465.4
Gross Profit	7,123.9	10,958.9	14,268.0	17,905.3	20,364.2	22,673.1	25,172.9	27,821.7	30,452.4
SG&A	5,667.2	9,270.3	11,088.0	10,416.1	11,459.9	12,387.3	13,503.9	14,610.2	15,613.9
Other Operating Costs	-201.3	67.9	66.9	83.8	94.2	103.9	114.8	126.8	139.6
EBITDA	4,785.1	4,911.7	6,247.6	10,664.4	13,142.4	14,724.9	16,503.2	18,460.5	20,521.1
Financial revenue	1,481.5	3,202.9	3,580.2	3,710.3	4,246.0	4,773.8	5,262.7	5,814.4	6,422.4
Financial Costs	2,315.1	2,557.3	3,470.5	1,779.4	1,546.3	1,532.8	1,510.1	1,491.8	1,473.4
Profit before tax	880.3	3,014.1	3,879.3	10,666.8	12,670.0	14,591.3	16,591.0	18,806.5	21,152.4
CIT expenses	533.5	1,473.4	2,232.2	3,493.8	4,149.9	4,779.2	5,434.1	6,159.8	6,928.2
Welfare reward fund	-	-	-	-	-	-	-	-	-
Minority shareholder interest	713.5	706.6	1,024.6	1,546.9	1,991.9	2,294.0	2,608.3	2,956.6	3,325.4
Net Profit Margin	-1.9%	3.5%	2.2%	15.9%	16.4%	17.2%	17.7%	18.1%	18.5%
EPS (Đồng/CP)	-120.0	274.0	205.0	1,848.0	2,145.0	2,470.0	2,808.0	3,184.0	3,581.0

Source: VGI, RongViet Securities

Table 5: Annual balance sheet of VGI (Billion VND)

BALANCE SHEET	2021	2022	2023	2024	2025E	2026F	2027F	2028F	2029F
ASSET									
Operating Cash	6,160.9	7,864.1	8,874.3	13,376.2	14,679.6	18,449.9	23,109.8	28,245.9	34,281.2
Short-term investment	6,435.4	9,038.0	14,239.3	23,487.4	26,407.1	29,111.4	32,163.4	35,527.0	39,126.9
Accounts receivable	13,906.9	14,571.0	10,840.6	7,912.3	7,921.5	7,047.0	7,290.4	6,577.8	6,933.4
Inventory	1,819.0	2,254.7	2,615.0	2,793.6	3,102.7	3,233.7	3,368.7	3,541.2	3,721.8
Other short-term assets	748.4	725.7	971.0	1,111.1	1,546.7	1,346.2	1,667.0	1,680.6	2,291.7
Short-term assets	29,070.8	34,453.4	37,540.2	48,680.6	53,657.6	59,188.2	67,599.2	75,572.5	86,355.0
Tangible fixed assets	8,022.7	7,540.8	8,234.0	9,608.6	9,529.4	9,271.7	8,822.5	8,157.3	7,238.6
Long-term investment	767.2	842.4	629.3	642.5	722.4	796.4	879.8	971.9	1,070.3
Intangible assets	2,308.2	2,896.4	3,335.3	3,354.2	3,368.9	3,569.2	3,692.6	3,821.3	3,952.8
Other non-current assets	1,795.6	1,466.0	1,105.7	1,012.6	1,012.6	1,012.6	1,012.6	1,012.6	1,012.6
Non-current assets	23,780.3	15,849.6	14,924.2	14,758.1	14,790.9	14,823.6	14,599.6	14,175.2	13,508.0
Total assets	52,851.0	50,303.0	52,464.4	63,438.7	68,448.5	74,011.8	82,198.8	89,747.7	99,863.0
LIABILITIES									
Short-term loans	6,662.8	3,669.0	1,870.5	1,748.2	-	-	-	-	-
Accounts payable	3,447.7	4,018.5	3,994.9	3,884.9	5,244.4	5,123.9	6,721.1	6,851.0	8,746.5
Other payables	6,492.5	8,898.4	12,237.8	16,966.0	18,242.6	20,087.2	22,169.0	24,463.3	26,918.8
Short-term payables	16,603.0	16,585.8	18,103.1	22,599.1	23,487.0	25,211.1	28,890.1	31,314.2	35,665.3
Long-term debts	5,574.9	2,288.8	1,070.6	974.6	974.6	654.5	436.3	218.2	0.0
Other long-term liabilities	2,038.7	2,319.9	2,773.6	4,032.9	3,909.4	4,309.7	4,761.5	5,259.5	5,792.4
Non-current liabilities	7,613.6	4,608.7	3,844.3	5,007.5	4,884.0	4,964.2	5,197.9	5,477.7	5,792.4
Total liabilities	24,216.6	21,194.5	21,947.4	27,606.7	28,371.0	30,175.3	34,088.0	36,791.9	41,457.7
MINORITY INTEREST									
Minority interest	-	-	-	-	-	-	-	-	-
EQUITY									
Preferred stock	-	-	-	-	-	-	-	-	-
Common stock	30,438.1	30,438.1	30,438.1	30,438.1	30,438.1	30,438.1	30,438.1	30,438.1	30,438.1
Retained earnings	-4,679.7	-3,969.6	-3,377.3	2,284.0	6,529.4	10,288.5	14,562.8	19,407.8	24,857.2
Other equity accounts	2,876.0	2,640.0	3,456.3	3,109.9	3,109.9	3,109.9	3,109.9	3,109.9	3,109.9
Shareholder's equity	28,634.5	29,108.5	30,517.0	35,832.0	40,077.4	43,836.5	48,110.8	52,955.8	58,405.2
Total Equity	52,851.0	50,303.0	52,464.4	63,438.7	68,448.5	74,011.8	82,198.8	89,747.7	99,863.0

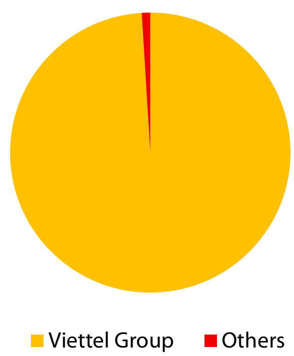
Source: VGI, RongViet Securities

APPENDIX 1 – OVERVIEW AND VALUE CHAIN

Company overview

- **Viettel International Investment Joint Stock Corporation – Viettel Global (VTG or VGI)** was established in 2006 (formerly known as the Foreign Investment Project Board), officially listed on UPCoM in 2018.

Figure 31: Shareholder structure of VGI



Source: VGI, RongViet Securities

VGI's shareholder structure is very condensed: With an ownership rate of **99.027%, Viettel Group** is the dominant shareholder almost entirely, reflecting the typical centralized ownership model of large state-owned enterprises in Vietnam, ensuring strategic control and development orientation of VGI. and at the same time minimize the risk of dominance from foreign shareholders.

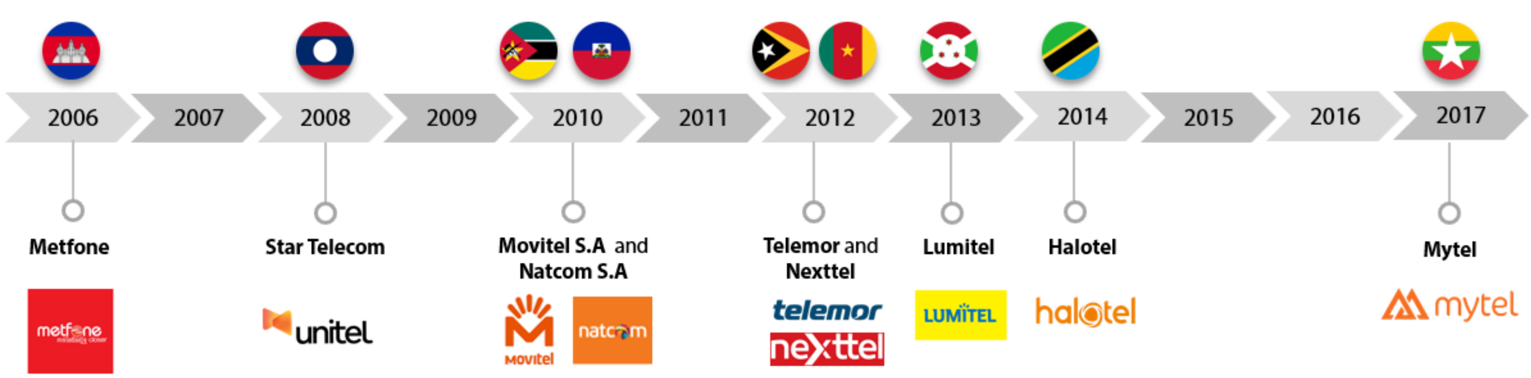
The number of individual shareholders in the country is quite high (9,437 people), but the ownership rate is only 0.9%, indicating high dispersion and no significant influence on the control of the company.

In terms of company structure, VGI owns 11 subsidiaries and 3 associated companies, present in 09 international markets spanning 03 continents. All subsidiaries/associated companies operate in the field of mobile telecommunications, digital services and telecommunications-related activities. Particularly for Viettel Cameroon S.A.R.L ("VCR"), the investment in this market is recorded in 'Investment in capital contribution to other units'. Therefore, this company is not on the list (Table 5) below.

Core Business Activities

- **Telecommunications services (also known as traditional telecommunications services): Mobile** telecommunications services (VoLTE, 4G, 5G), fixed telecommunications services such as broadband internet, channel rental services, internet connection solutions and voice services for organizations.
- **Digital services (also known as traditional non-telecommunications services):** E-wallet services, e-finance, super applications, digital content, digital solutions and IT for businesses (Cloud Computing – Cloud, AI, IoT), digital commerce.
- **Other segments (sales):** VGI is also involved in sales activities, supplying electronic devices and components, terminals (handsets, USB, homephones). However, this activity is not significant.

Figure 32: Timelines of VGI's investment in foreign markets



Source: VGI, RongViet Securities

Table 5: VGI's subsidiaries and associated companies

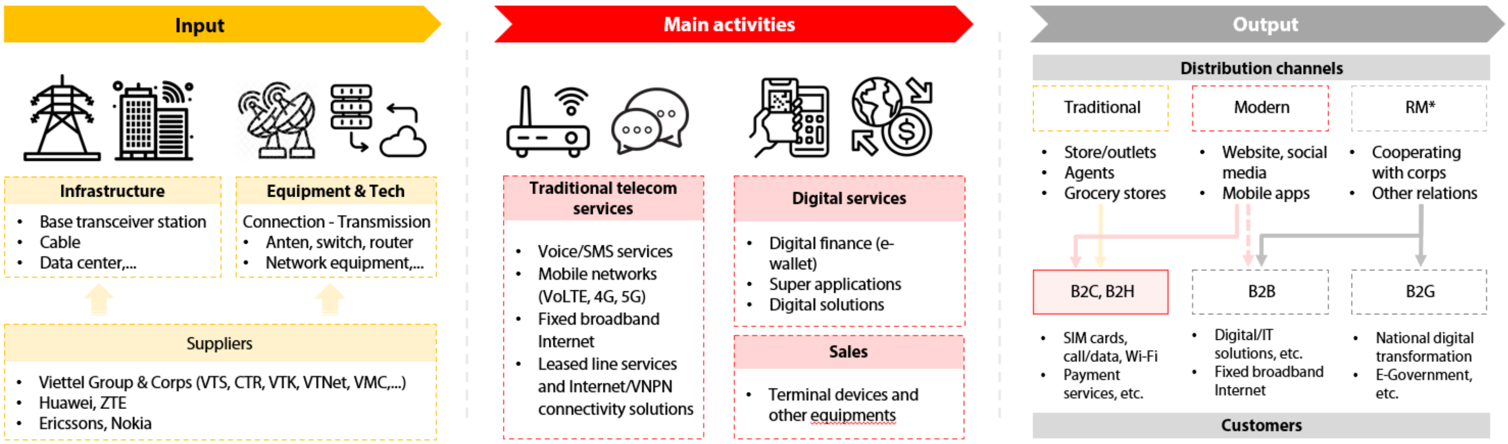
Company Name	Place of Establishment	Benefit Rate (%)	Voting Rights Rate (%)	Main Activities
Subsidiaries				
Viettel Timor Leste Unipessoal LDA ("VTL")	Timor-Leste	100	100	Owning and operating Telemor telecommunications network in Timor-Leste
Viettel (Cambodia) Pte. Ltd ("VTC")	Cambodia	90	90	Owning and operating Mefone telecommunications network in Cambodia
Movitel S.A. ("Movitel")	Mozambique	70	70	Owning and operating Movitel's telecommunications network in Mozambique
National Telecom S.A ("Natcom")	Haiti	60	60	Owning and operating the Natcom telecommunications network, trading Natcash e-wallet services in Haiti
Viettel Burundi S.A ("VTB")	Burundi	85	85	Owns and operates the Lumitel telecommunications network in Burundi
Viettel Tanzania Limited ("VTZ")	Tanzania	99.99	99.99	Owns and operates the Holotel telecommunications network in Tanzania
E-Mola S.A(i)	Mozambique	67.2	96	E-wallet service business in Mozambique market
Viettel E-commerce Tanzania ("VTE") (ii)	Tanzania	99.99	100	E-wallet service business in Tanzania market
Lumicash SU (iii)	Burundi	85	100	E-wallet service business in the Burundi market
Telemor Fintech Unipessoal LDA ("TFU") (iv)	Timor-Leste	100	100	E-wallet service business in Timor-Leste market
E-money Payment Solutions Public Limited ("E-money") (v)	Cambodia	89.1	99	E-wallet service business in the Cambodian market
Affiliates				
Star Telecom Co., Ltd ("STL")	Laos	49	49	Owning and operating Unitel's telecommunications network in Laos market
Telecom International Myanmar Co., Ltd ("Mytel")	Myanmar	49	49	Investment in telecommunications networks in Myanmar market
Metcom Co., Ltd ("Metcom") (en-US)	Cambodia	89.99	49	VTC's affiliated company, established and operating in Cambodia.

(i)	E-Mola S.A. is a subsidiary of Movitel S.A.
(ii)	Viettel E-commerce Tanzania Company is a subsidiary of Viettel Tanzania Company
(iii)	Lumicash SU Company is a subsidiary of Viettel Burundi S.A Company
(iv)	Telemor Fintech Unipessoal, Lda ("TFU") is a subsidiary of Viettel Timor Leste, UNIP, LDA
(v)	E-money Payment Solutions Public Limited is a subsidiary of Viettel Cambodia Co., Ltd.
(vi)	Metcom Co., Ltd is an affiliate of Viettel (Cambodia) Pte. Ltd

Source: VGI, RongViet Securities

Value chain in VGI's operations

Figure 33: VGI's operating value chain



Source: RongViet Securities

VGI's value chain is a model that makes the most of Viettel's resources to deploy from input (network infrastructure to path and connection exploitation) to provide telecommunications services and digital services in markets. Thanks to the development orientation set from the beginning of the parent company (Viettel Group) to "develop from the core", it has limited risks for VGI when going to foreign markets such as reducing dependence on other sources, optimizing consulting costs and infrastructure design and installation, and deploying new technologies.

1. Input

Infrastructure construction: Invest in physical and technical infrastructure to deploy telecom services in markets, especially developing countries with weak telecom infrastructure.

- To deploy the construction and installation of BTS stations, fiber optic cables, and data centers in underdeveloped countries with weak infrastructures such as Haiti, Timor-Leste, Mozambique, and Burundi.
- Telecommunications equipment: Based on Viettel's ecosystem, VGI is able to take advantage of available resources to purchase equipment such as antennas, transmitters, and 3G/4G/5G network equipment. This helps reduce import costs and increase autonomy.

Suppliers: leverage internal resources and collaborate with major global equipment suppliers

- Regarding equipment production, infrastructure installation, network construction and core technology research: Viettel has corporations in the high-tech industry research and production sector (VHT, VMC) as key production units, focusing on research, design, manufacturing equipment, core technology and new 5G technology, telecom network infrastructure products and digital society, creating a solid foundation for VGI to enter international markets.
- In addition, major telecommunications equipment suppliers such as Huawei, ZTE, Ericssons and Nokia are supply partners. Currently, Viettel is cooperating with Ericsson to develop 5G. They were invited by Nokia to join the research team on AI application in the field of telecommunications together with Nvidia and Ericsson to improve efficiency and optimize telecommunications equipment. This is a new step in future telecommunications technology and has an impact on VGI's operations in the international market. Viettel's self-production helps VGI reduce costs and increase competitiveness compared to competitors such as MTN, Vodacom or Bharti Airtel in the investment market.

Equipment and technology - Connection and transmission: Focus on connecting network infrastructure and transmission devices to ensure the transmission of signals and data.

- Operate cross-country and satellite fiber optic systems to ensure stable connectivity. In particular, the AAE-1 fiber optic cable route invested by Viettel, connecting 3 regions (Asia – Europe – Africa) makes an important contribution to VGI's telecommunications network connection and service route in distant African markets.
- Cooperate with corporations (VTNet, VCS,...) through SLA contracts and with local carriers to lease bandwidth, fiber optics, or infrastructure sharing.

  *** For example, in Laos, Unitel partnered with Lao Asia Telecom to expand its coverage. In Cameroon, Viettel Cameroun S.A.R.L was established as a joint venture company with Bestinver Cameroun to obtain a telecommunications network investment license to start installing equipment and exploiting the transmission network to provide telecommunications services in the market.*

2. Main business activities

Traditional telecommunications services: is the core activity of VGI

- **Services:** Mobile telecommunications (VoLTE, 4G, 5G), broadband Internet, leased line, Internet/VNPN connection solutions and voice services for organizations. In particular, the growth drivers of traditional telecommunications services mainly come from African markets (4G network services) and Asia (fixed broadband services).
- **Resources:** Viettel's infrastructure includes more than 50,000 BTS in 11 countries (including 9 markets with VGI's affiliated enterprises along with Peru and Vietnam), covering 270 million people (as of 2024).
- **Business strategy:** Depending on the market situation, the business strategy of the company will change and adjust flexibly to adapt, for example:
  - For underdeveloped markets with high tax policies, high fees, and operating costs such as Africa, attracting consumers in the market is more difficult: VGI focuses on developing distribution channels and specialized sales teams to increase subscribers from services with high revenue per capita (ARPU) such as 4G subscribers (3.5 times higher than 2G and 2 times higher than 3G) but still set out a policy of imposing floor prices for some data services so that people have the opportunity to access cheap data due to low living standards.
  - For traditional services, they have been/will be saturated in some markets. VGI continues to invest in 4G expansion (Africa) and 5G deployment in Latin America and Southeast Asia. Accordingly, 5G mobile network and fixed broadband services will be the main growth drivers in the coming time.
- **Challenge:** In Southeast Asia, Viettel's leading position is undisputed in terms of brand name and value contribution in the development of telecommunications networks in the region. However, in Africa, VGI competes fiercely with major carriers such as MTN Group, Orange S.A, Vodacom or Airtel.

Non-traditional telecommunications services (Digital services): In addition to traditional telecommunications services, VGI oriented their subsidiaries/JVs to gradually shift to digital services to diversify revenue sources and meet the trend of digital transformation.

- **Services:** Digital finance (e-wallets, mobile payments), super applications (integrating multiple applications into a single application), IT solutions/digital solutions for businesses (cloud services, AI, IoT), digital content (streaming, gaming) and digital commerce (e-commerce).
- **Business resources and strategies**: Leveraging the strengths of wide transmission infrastructure, broadband connectivity, experience and resources of corporations to provide digital solutions for government (e-government, smart city) and enterprises.
- **Growth drivers:** Currently and mainly driven by e-financial services with a growth rate of 121% in 2023 (9 times higher than the world average growth).

Sales segment: Providing connection and transmission equipment and a number of other equipment between subsidiaries and with corporations in the Group, this segment does not account for a large proportion of revenue.

3. **Output - Services:** Use multiple channels to reach out

Traditional channel (Mainly serving individual customers - B2C and household customers - B2H): The distribution system includes thousands of stores and points of sale (POS), agents to ensure that products and services reach customers conveniently. Compared to other channels, traditional channels are the foundation to help create brand trust in markets, as well as a method of "branding" images.

- Launching official stores and service centers in investment markets
- Providing SIM cards, telecommunications packages, digital services and direct customer support
- Expand the system through agents and retail outlets: work with authorized distributors, retail stores and local partners to expand the distribution network.

Digitized channels (B2C, B2H): Mobile applications and websites allow customers to buy SIMs, register packages, pay online and use digital services. In addition, through platform applications with attractive conversion programs to attract customers and at the same time, discover customer behavior to adjust and develop products and services in accordance with consumer needs or cross-conversion of services (for example, customers use super application services, the app will gradually propose additional services such as free data to attract the use of business data packages).

RM Channel – Diplomacy and Cooperation (B2B & B2G):

- **Business (B2B):** Cooperate with banks, retail groups, and financial companies to provide solutions and security.

  ***Example: Cooperating with ISI Group in Cambodia to expand its network and customer base, shaking hands with HD Bank to cross-sell products in Myanmar.*

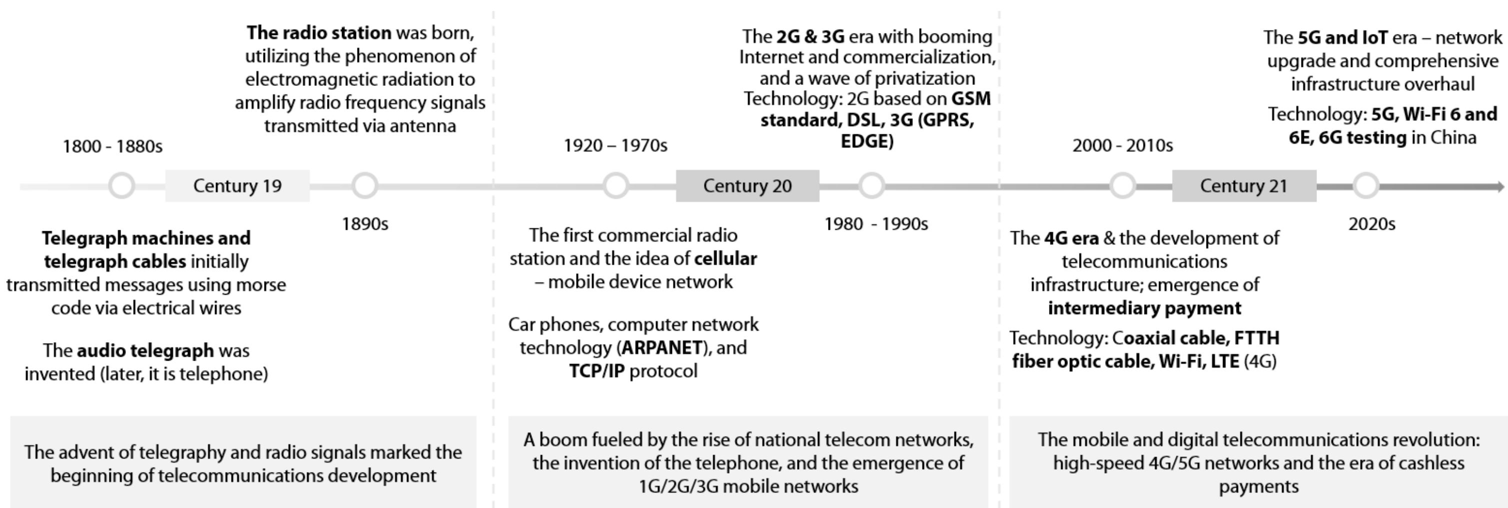
- **Government (B2G):** Providing IT, e-government, and cybersecurity solutions for governments in host countries.

  *** Unitel is a strategic partner of the Lao Government in implementing the e-Government system, Metfone plays an important role in the digital transformation process of the Government of Cambodia, Movitel supports the development and improvement of technological capacity according to the expectations of the Government of Mozambique.*

APPENDIX 2 – OVERVIEW OF THE WORLD TELECOMMUNICATIONS INDUSTRY

The history of the global telecommunications sector began with smoke signals and drums. In the 1790s, the first fixed semaphore systems appeared in Europe, but it wasn't until the 1830s that electric telecom systems began to emerge. From wire-based communication and radio signals to the invention of the telephone and today's ultra-fast 5G networks, the industry has undergone a remarkable evolution.

Figure 34: Stages of sector development

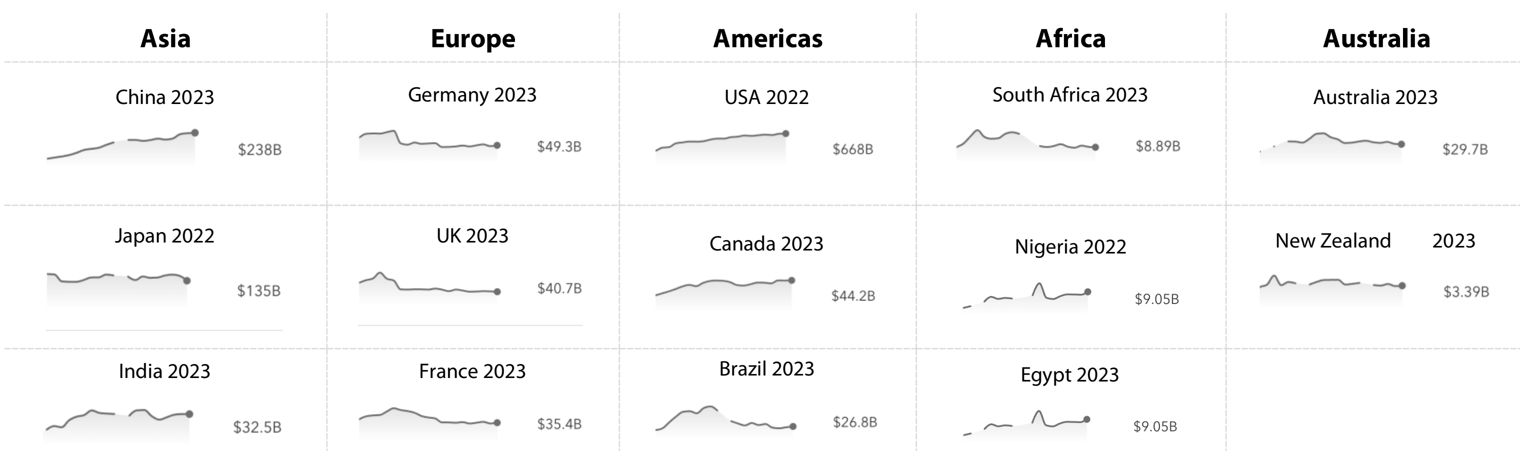


Source: RongViet Securities

The world's telecommunications industry is currently in a saturation phase with signs that the market has reached a point of slowing growth since 2011. Competition between international businesses has become fierce, profits are stable but no longer increase as strongly as before.

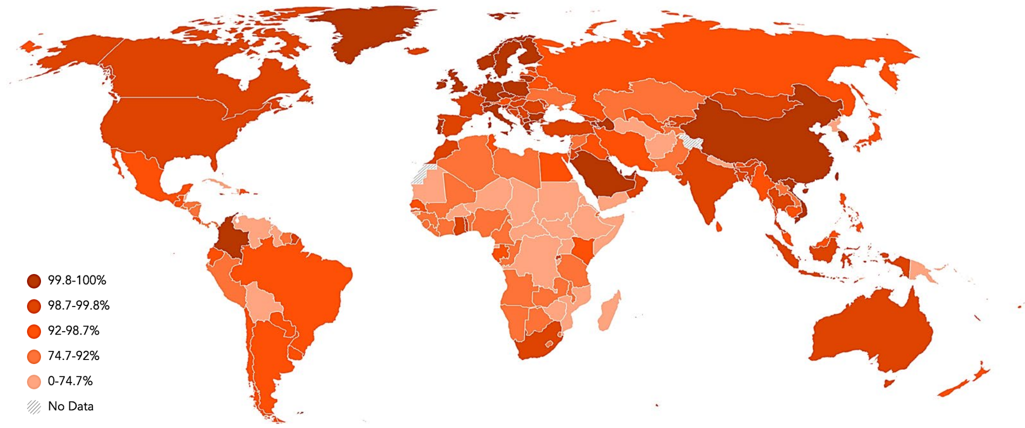
- The rate of mobile phone and internet useage has reached a high level in many countries and regions. Fierce competition leads to a decrease in service prices and stable profits, the growth rate slows down and is maintained, with no strong breakthroughs like those seen during the growth period (2000 - 2011).
- The competition is increasingly large with the participation of not only traditional telecommunications service providers (such as AT&T, Verizon, MTN, Bharti Airtel) but also big tech companies (Google - Google Fiber, Amazon - Project Kuiper, Facebook - free internet initiative), and OTT services (WhatsApp, Skype, Zoom) affect the revenue of traditional telecom services (SMS messaging, phone calls, etc., which used to be a major source of revenue for the industry).

Figure 35: Growth trend of telecommunications service revenue of countries by region, 2000 – 2023 (Unit: USD billion)



Source: ITU, RongViet Securities

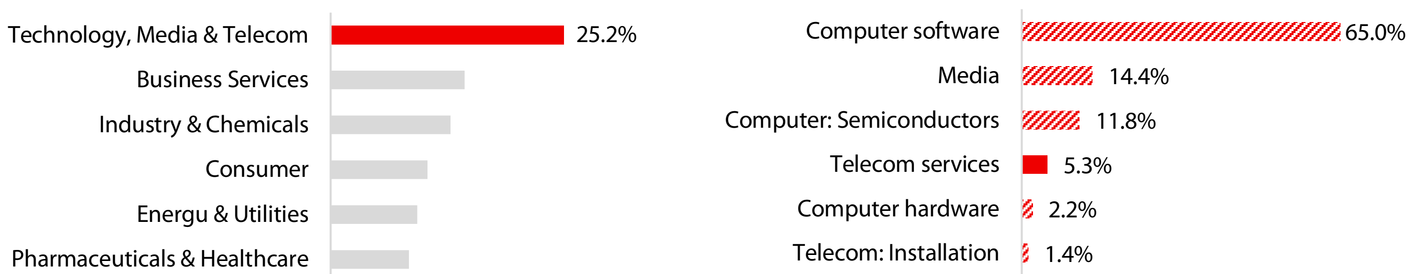
Figure 36: Penetration rate of 4G mobile networks (LTE, WiMAX) in total population - 2023



Source: ITU, RongViet Securities

M&A become a critical strategy: The market reaches a saturation point, forcing businesses to look for consolidation opportunities to reduce competition and enhance operational efficiency. In terms of the large technology, media and telecommunications (TMT), the largest number of M&A transactions took place accounted for 25.2% of the total M&A deals in the world, accumulated from 2011 to 2024. In the small sector, telecom services ranked 4th with 10.4% of the total number of TMT transactions.

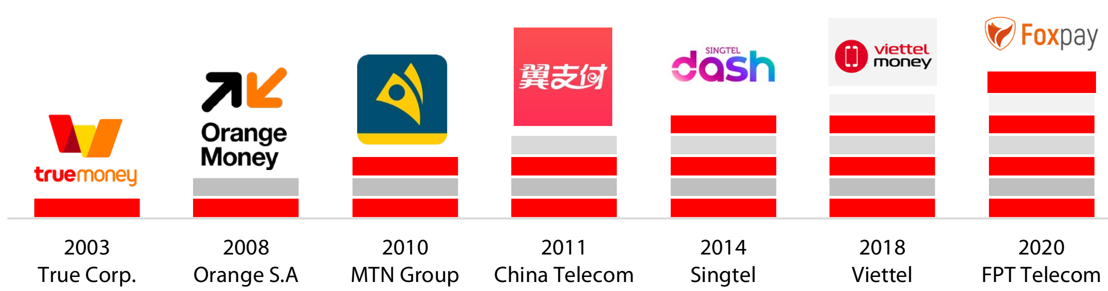
Figure 37: M&A deals in the telecommunications services sector globally, cumulative 2011 – 2024



Source: White & Case LLP, RongViet Securities

In addition, expanding into the field of digital services is also a new trend to diversify revenue sources and adapt to the digital era: This business segment is also known as "non – traditional telecom services", focusing on digital and value-added services, etc. including e-wallets, super app, digital content, digital finance. In fact, e-wallets and super apps are not the recent phenomenon, having been launched in some countries since 2000. But up to now, with the increasing popularity of digital transformation and e-commerce, telecommunications businesses have begun to continuously promote and launch applications.

Figure 38: Expansion strategy – Telecom businesses exploiting e-wallet services



Source: RongViet Securities

Note: This time series does not mean emphasizing when the first digital app was launched in each country, the data is only listed

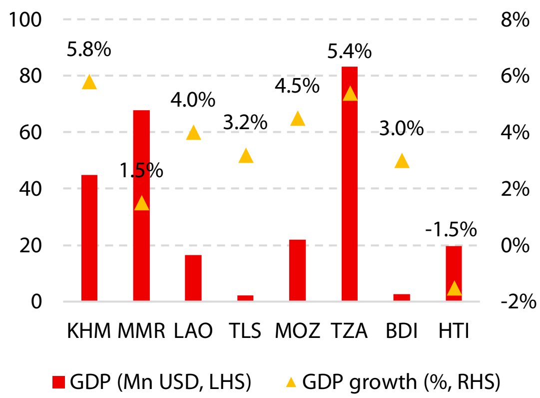
APPENDIX 3 - SOCIO-ECONOMIC INDICATORS, SCALE AND LEVEL OF PENETRATION OF THE TELECOMMUNICATIONS INDUSTRY IN VGI'S INVESTMENT MARKETS

Figure 39: Viettel Global's operational network

Source: Viettel
Note: Bitel (Peru) is not on the list of subsidiaries and JVs of Viettel Global

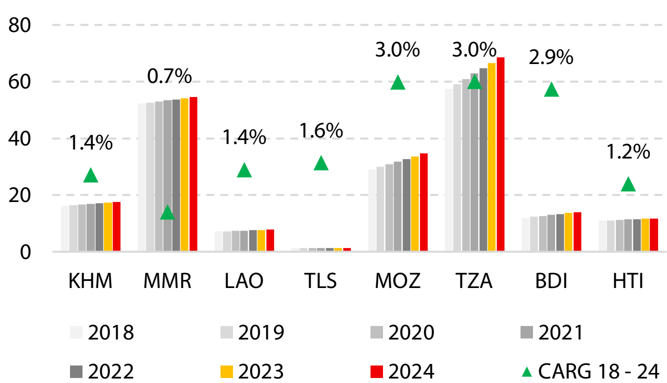
Socio-economic indicators in investment markets

Figure 40: Economic growth in markets: Divided into 3 groups with rates from low to quite high



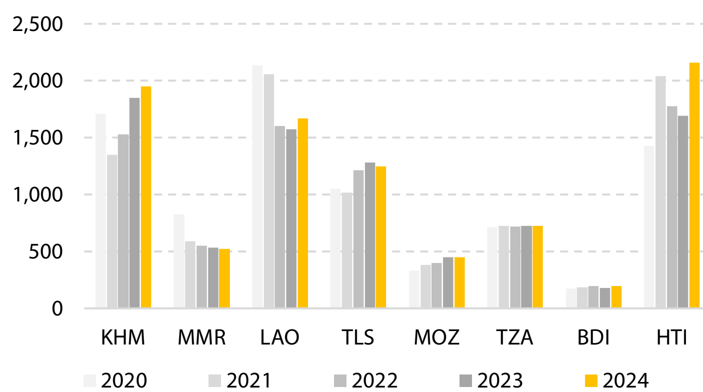
Negative/low growth	Modest growth	High and stable growth
Haiti and Myanmar face negative or low growth due to political instability/natural disasters, which could significantly affect Mytel and Natcom's business.	Timor-Leste, Burundi, and Cameroon are still facing modest economic and infrastructure challenges, but there is still opportunities for VGI to expand its telecom and digital services segments.	Cambodia, Laos, Tanzania, Mozambique: The growth rate is in line with developing economies in Southeast Asia and Africa, where Viettel Global is exploiting the potential of telecom well. Compared to Vietnam, the growth rate in these markets is still slow.

Figure 41: Total population in markets (Million people)



Source: VGI, RongViet Securities

Figure 42: Income per capita (USD/year)

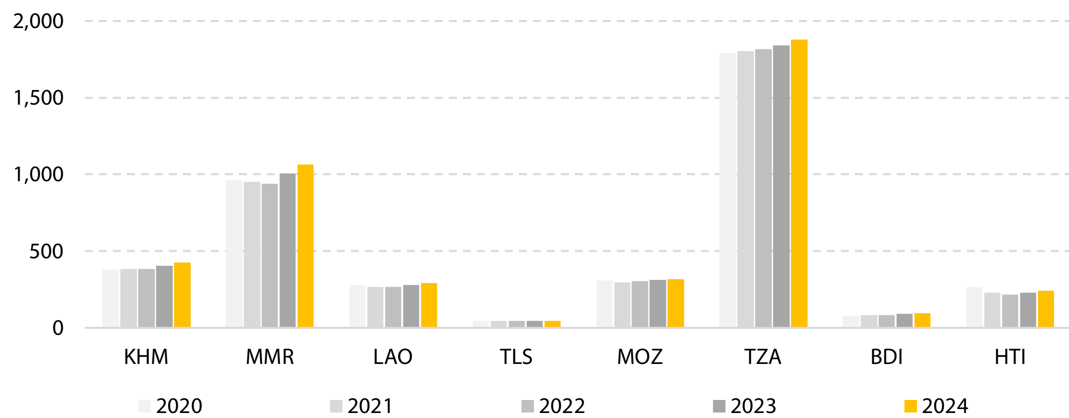


Source: VGI, RongViet Securities

Although Myanmar and Tanzania are the two countries with the largest populations, the exploitation potential for VGI is considered not too large. This is because the Myanmar market has relatively high telecommunications network coverage, and Tanzania is a market with competition from many giants (Vodacom, Aritel). In contrast, markets with populations ranging from low (East Timor, Haiti, Burundi) to medium (Mozambique) still have a lot of room.

Total value of the telecom services in investment markets and the level of penetration

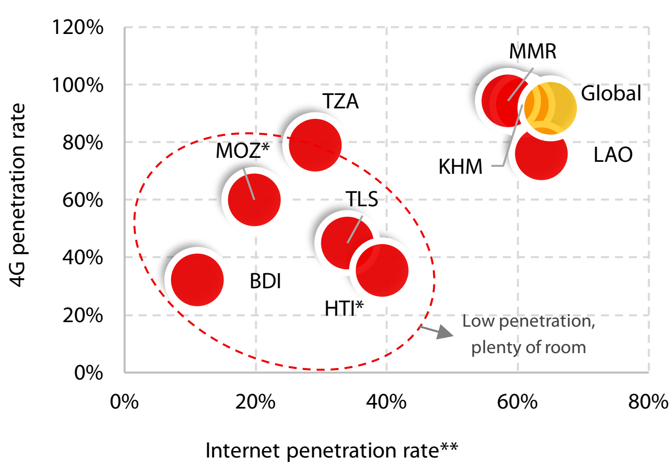
Figure 43: Market value of telecom services (*) in VGI's investment markets (Million USD)



Source: Statista, RongViet Securities

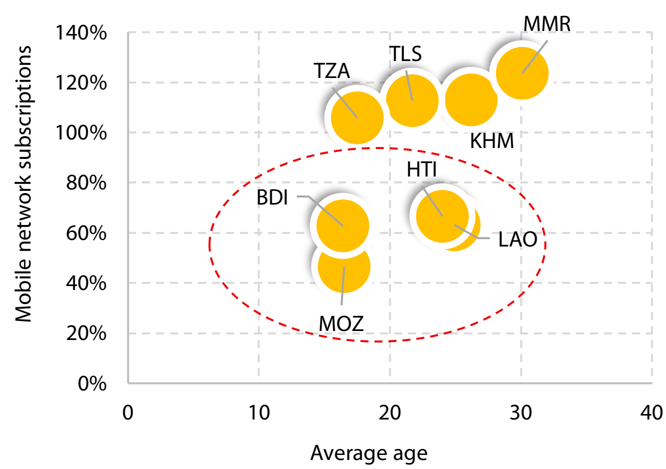
(*) The market value of telecommunications services is the total value of 4 telecommunications service segments including: fixed data services, mobile data services, fixed voice services and mobile voice services

Figure 44: Internet and mobile network penetration in investment markets (2022 – 2023)



Source: ITU, RongViet Securities

Figure 45: Percentage of mobile network subscriptions and average age in markets (2024)



Source: Worldometer, Statista, RongViet Securities

(*) Countries with the latest updated figures to 2022

(**) Internet penetration rate refers to the percentage of individuals who have used the Internet from any location in three months, which can be accessed through a fixed/mobile network

The global internet penetration rate reached 65% in 2023, 03 Southeast Asian countries including Cambodia, Laos and Myanmar have a high penetration level almost equal to the average. In contrast, African countries have very limited access to and use of the Internet: Burundi is the lowest with 11.1%, followed by Mozambique and Tanzania with 19.8% and 29.1%, respectively.

Mobile networks have higher penetration, and while mobile networks have almost reached saturation points in many markets, the African region is still "a few beats" behind the world. This implies that the connectivity and network accessibility of African countries is still underdeveloped compared to other countries, which is understandable because the economy still has many difficulties with agricultural production as the main sector, and the development rate is still slow. Therefore, we assess that these markets have a lot of room for VGI to exploit.

APPENDIX 4 - FINANCIAL ANALYSIS & PROJECTIONS FOR THE PERIOD 2025 – 2029

Table 6: Forecast by segment (Billion VND)

NET REVENUE	2021	2022	2023	2024	2025E	2026F	2027F	2028F	2029F
Total revenue	19,267	23,645	28,212	35,368	39,764	43,836	48,432	53,497	58,918
Traditional services	16,925	20,686	24,116	29,148	31,997	34,237	36,488	38,702	40,632
Digital services	1,274	1,971	3,164	5,376	6,989	8,879	11,280	14,181	17,720
Others	1,069	987	932	844	779	719	664	613	566
% Growth YoY	1%	23%	19%	25%	12%	10%	10%	10%	10%
Traditional services	2%	22%	17%	21%	10%	7%	7%	6%	5%
Digital services	12%	55%	61%	70%	30%	27%	27%	26%	25%
Others	-18%	-8%	-6%	-10%	-8%	-8%	-8%	-8%	-8%
% of total revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%
Traditional services	87.8%	87.5%	85.5%	82.4%	80.5%	78.1%	75.3%	72.3%	69.0%
Digital services	6.6%	8.3%	11.2%	15.2%	17.6%	20.3%	23.3%	26.5%	30.1%
Others	5.5%	4.2%	3.3%	2.4%	2.0%	1.6%	1.4%	1.1%	1.0%

Source: VGI, RongViet Securities

Table 7: Projected gross profit by segment (Billion VND)

GROSS PROFIT	2021	2022	2023	2024	2025E	2026F	2027F	2028F	2029F
Total	7,149	10,974	14,268	17,905	20,364	22,673	25,173	27,822	30,452
Traditional services	-	-	-	16,526	18,462	20,204	22,013	23,848	25,536
Digital services	-	-	-	1,640	2,085	2,607	3,259	4,039	4,953
Others	-70	-51	-476	-233	-183	-138	-100	-66	-37
GROSS PROFIT MARGIN									
Total	37.0%	46.4%	50.6%	50.6%	51.2%	51.7%	52.0%	52.0%	52.0%
Traditional services	-	-	-	56.7%	57.7%	59.0%	60.3%	61.6%	62.8%
Digital services	-	-	-	30.5%	29.8%	29.4%	28.9%	28.5%	28.0%
Others	-6.5%	-5.1%	-51.1%	-27.7%	-23.4%	-19.2%	-15.0%	-10.8%	-6.5%

Source: VGI, RongViet Securities. Note: All gross profit margins are our estimates and assumptions, not VGI sources.

APPENDIX 5 - SIMILAR BUSINESSES

In this report, we use several telecommunications businesses that are similar in nature to VGI as a reference for analysis and forecasting.

Bhari Airtel Limited (BHARTI IN): established in 1995, is an Indian telecommunications conglomerate that operates in India and globally. Bharti specializes in providing voice and data services using 2G/3G/4G/5G wireless technology and acts as a single point of contact for telecommunications services in terms of data and voice, network integration and management services. In addition, the company also builds, operates and maintains wireless broadcasting stations; voice and data transmission via fixed networks, broadband technology for households; digital television services; postpaid, prepaid services, roaming, Internet and many other value-added services, including mobile-TV, video calls, live video streaming, games; at the same time, it provides network integration, data centers, management services, mobile applications for businesses and digital communication services.

MTN Group (MTN SJ): founded in 1994, is a South African conglomerate with subsidiaries that provides mobile telecommunications services in South Africa, Nigeria, South & East Africa, West & Central Africa, as well as the Middle East & North Africa. The services provided include data, voice, SMS, inter-network connection, roaming, and mobile device sales. The company also provides digital and fintech services such as value-added services, MTN Mobile Money, insurance, airtime loans, e-commerce; network management, cloud computing, unified communications, IoT, and security as a service; and marketplace solutions for government agencies, insurance companies, banks and SMEs. The company is headquartered in Johannesburg, South Africa.

NTT, Inc. (9342 JP): founded in 1952, is a Japanese telecommunications company operating in Japan and internationally. The company specializes in providing mobile phone services, domestic intercity communication, international communication, solutions, system development and related services; communication services in the province and ancillary services; consulting, system & software development, networking, cloud computing, global data centers and related services.

Orange S.A. (ORA FP): founded in 1991, is a French telecommunications operator, operating in France and internationally. The company specializes in providing mobile services (voice, SMS, data), fixed broadband and narrowband services, as well as B2B fixed solutions and network services (voice, data). The company also sells handheld devices, broadband devices, connection devices, accessories; providing IT & integration services including unified and collaborative communications (LAN and telephony), consulting, integration, project management; cloud storage & infrastructure services; CRM and apps; security services; video conferencing; sale of related equipment; national & international roaming services; online advertising; MVNO services, network sharing, mobile financial services; and sell equipment to external dealers, brokers, and operators.

Vodacom Group Limited (VOD SJ): founded in 1993, is a South African company specializing in providing voice, messaging, converged services, broadband, data connectivity, mobile financial services and other value-added services. The company also provides mobile & fixed, Internet and VPN connectivity solutions to customers via wireless, fixed, satellite, and mobile technologies; connection solutions; Iodine; cloud storage & security services; fiber optic cable, Wi-Fi, international private rental channels; and personal & business digital financial solutions such as VodaPay, VodaLend, VodaSure, VodaTrade and Business Legal Cover. At the same time, VOD also provides an e-government solution with the SmartCitizen app for transparency and accountability for water and sanitation, roads, education and health services. Vodacom operates in South Africa, the Democratic Republic of the Congo, Lesotho, Mozambique, Tanzania, Kenya, Egypt and internationally. The company is headquartered in Midrand, South Africa, and is a subsidiary of Vodafone Group Plc.

China Mobile (0941 HK): established in 1997 and is a public company headquartered in Hong Kong, providing voice, data, broadband, private channel, Internet data, cloud computing, IoT and other services to individual customers. households and businesses. The company also provides design and printing services, telecommunications construction, equipment maintenance services, IT pipeline management and technology support; provides regional transfer services and participates in technology development; at the same time, providing digital content and electronic commerce. The main headquarters is in Hong Kong.

PLDT Inc. (TEL PM): founded in 1928, is a Filipino company specializing in the provision of telecommunications and digital services in the Philippines including mobile services, mobile and fixed broadband internet (prepaid and postpaid services), operational support, software development, satellite information & messaging services, and the sale of Wi-Fi access devices. The company also provides fixed telecommunications services, enterprise infrastructure & solutions, intelligent data processing, information & communication infrastructure for the Internet, e-commerce, CRM and domestic channel leased transmission lines, OTT services, value-added services. In addition, the sale of mobile phones, broadband routers, tablets, and other accessories is also maintained. The company is currently headquartered in Makati City, Philippines.

Globe Telecom (GLO PM): founded in 1935 and is a leading telecommunications service in the Philippines, with a diversified portfolio of operations including telecommunications, venture capital and business development, shared services, and digital marketing solutions. The company operates through two main business segments: mobile telecommunications services (digital mobile telecommunications services such as voice, SMS and mobile data) through many brands such as Globe Postpaid, Globe Prepaid and Touch Mobile; and fixed telecommunications services (voice, business data, and broadband) for households, as well as all-inclusive connectivity solutions tailored for individual customers, SMEs.

COMPANY REPORT

This report is prepared with the aim of providing investors with a perspective on the business and assisting investors in making investment decisions. The report is prepared on the basis of analyzing the activities of the business, forecasting business results based on the most up-to-date data to determine the fair value of the stock at the time of analysis. We have tried to fully convey the analyst's assessment and views about the company in this report. If you are interested in learning more or have feedback, please contact our analysts or customer support.

Types of recommendations

Recommendations	BUY	CUMULATIVE	WEIGHT REDUCTION	SELL
Total birth time in 12 months	>20%	5% to 20%	-20% to -5%	<-20%

In some cases, we do not make specific buy/sell recommendations, but only provide some reference valuations for investors to have more information, which is rated **as an OBSERVER recommendation.**

INTRODUCE

Viet Dragon Securities Joint Stock Company (abbreviated as VDSC) was established in 2006, is allowed to perform a full range of securities operations including: brokerage, proprietary trading, underwriting, financial consultancy and investment consulting, securities depository. VDSC has expanded its network to major cities across the country. With strategic shareholders who are also major partners such as Eximbank, Viet Long Fund Management Joint Stock Company,... with a team of professional and dynamic staff, VDSC has the potential in human and financial resources to provide customers with suitable and effective products and services. In particular, VDSC is one of the first few securities companies interested in developing an analyst team and prioritizes the task of providing analytical reports to support useful information for customers.

The Investment Analysis & Advisory Department provides reports on macroeconomics and the stock market, investment strategies, industry analysis reports, company analysis and daily, weekly stock newsletters.

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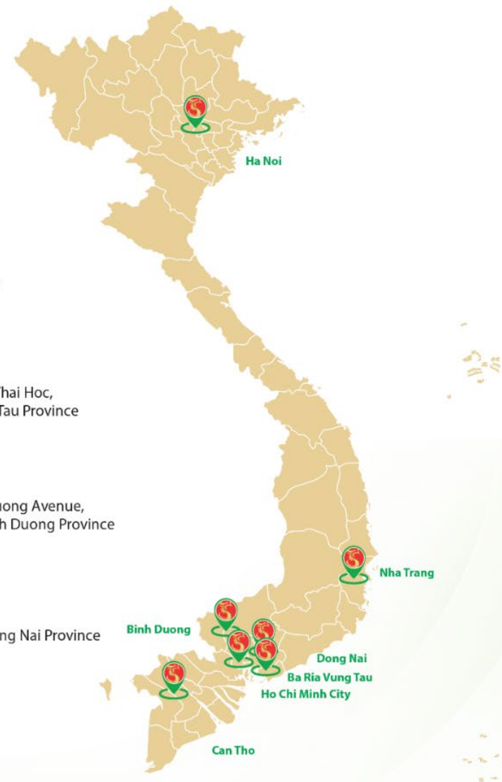

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