

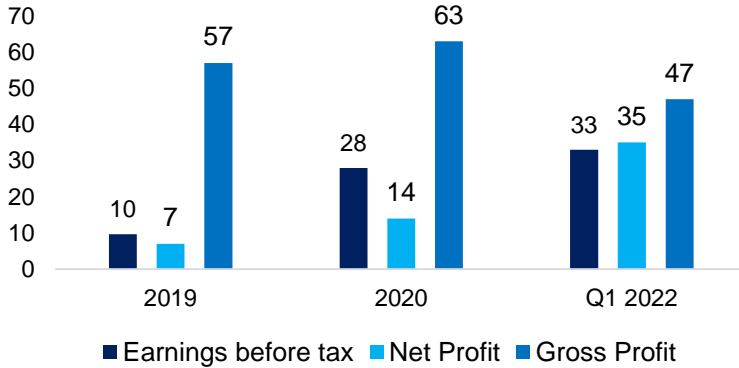


## ADS – EARNINGS BEFORE TAX EXPECTED TO GROW 50% IN Q1/2021, PAY 15% DIVIDEND

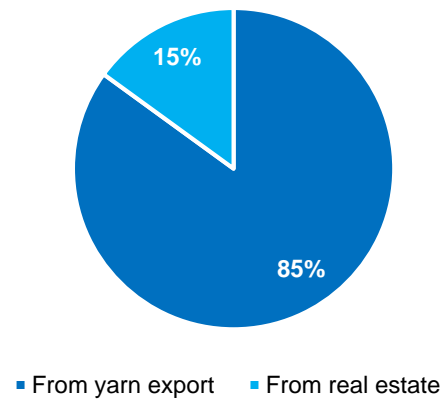
Yarn export revenue increased with partial accounting of Revenue from handing over real estate projects, DAMSAN Joint Stock Company (ADS, Company) estimated Consolidated earnings before tax (EBT) in Q1 2021 will reach VND 33 billion, up 50% over the same period.

According to ADS, Q1 2022 consolidated revenue is expected to reach VND 445 billion, up 41% over the same period. In which, revenue from yarn exports to Japan, Korea and China accounts for 85% of the total, the rest is revenue from handing over a part of Phu Xuan Damsan Urban Area project - 10 hectares. Up to now, the Company has only recorded 75% of the revenue of Phu Xuan Urban Area Project. Slight increase in COGS boosted Gross profit to nearly 47.3 billion dong, up 51% over the same period. Gross profit margin reached 10%, marking a slight increase in which the gross profit margin from the real estate segment reached more than 32%. SG&A expenses increased to meet the demand for expansion of industrial clusters and real estate projects. Interest expense continued to record a decrease of 4% when the Company oriented to reduce costs. As a result, consolidated EBT reached VND 33 billion, marking an increase of 50% over the same period last year. Net Profit Margin (NPM) is about 6%, up slightly over the same period.

Profit over the 2019 - 2022 period (VND Billion)



Revenue Structure in Q1 2022



Source: ADS

### Pay 15% dividend, expand Industrial Clusters

On April 23, 2022, ADS's 2022 Annual General Meeting of Shareholders took place successfully. At the AGM, the General Meeting of Shareholders approved the Reports and Proposals on Finance and Corporate Governance (Corporate Governance) issues.

The past period is considered a very successful year for ADS when it exceeded the plan and goals assigned by the General Meeting of Shareholders in the context of the complicated development of the COVID-19 epidemic. The efficient operation of 3 factories Dam San 1, Dam San 2, Eiffel Textile has brought Vietnam's Yarn and Towel products to conquer international markets such as Japan and China, as well as making a large contribution to the Company's Revenue. With the foundation from Yarn and Towel exports firmly resonating with Revenue from Residential Real Estate and Industrial Clusters, the General Meeting of Shareholders approved the plan of Consolidated net revenue in 2022 of VND 2,223 billion - an increase of 47 % compared to 2021. The 2022 Profit Before Tax plan is expected to be 121 billion VND, an



increase of 7% compared to the implementation in 2021. After having paid dividend stably over the past years, The General Meeting of Shareholders approved the plan of paying a dividend rate of 15% in shares and it is considered an attractive dividend when the market price of ADS shares is around VND 37,000 level.

In addition, the General Meeting of Shareholders also officially approved the Investment Policy in An Hien Industrial Park with an area of 75 hectares and Vu Ninh Industrial Park with an area of 32 hectares, summing up the total industrial owned land bank to nearly 200 hectares. ADS aims to become the leading industrial real estate supplier in Thai Binh province with a land bank of up to 600 hectares by 2025.

Following the success from the development of real estate projects, the Congress also approved the implementation of the Social Housing project in Phu Xuan, Thai Binh City. The project includes two 15-storey buildings with a total of 690 apartments; land use area is nearly 13 ha; total investment for this project is expected to be 690 billion VND and it will be handed over in 2023. It is expected to contribute significantly to ADS' revenue in the near future.

In addition, the Board of Directors of the Company oriented 4 important issues such as: (i) Put into operation An Ninh Yarn factory at the end of Q3/2022, raising the total capacity to 20,000 tons of yarn/year, improving towel and blanket production capacity to 3,000 tons/year for export to Japan and Europe. (ii) Speed up the handover of existing projects in addition to the implementation of the social housing project aiming to become the top real estate developer in Thai Binh province. (iii) Develop industrial land bank from 50 ha to 200 ha in the period of 2022-2023. (iv) Research to expand the production of solar panels for export to the US and Europe.

Vietnam's textile and garment market continued to record strong growth in the first months of 2022 with export turnover reached 8.84 billion USD, up 23% over the same period and contributed the most to export growth in the Q1 2022 of the whole country. In which, yarn exports reached nearly 2 billion USD, up nearly 19% over the same period. Global yarn prices have continued their upward momentum since the end of February 2021 when polyester and cotton yarn prices increased by 30%-50% due to rapidly increasing demand for yarn and China's yarn supply gradually dwindling. On the other hand, the US ban on cotton originating from the Xinjiang region also caused disruptions in the supply chain. Yarn prices are expected to continue to increase this year and this is an advantage for ADS which is one of the leading yarn manufacturers in Vietnam. In addition, the Company will continue to record revenue from the handover of the rest of the Phu Xuan Project, Bo Xuyen Residential Area, and leasing the industrial cluster in 2022.

With positive and growing business results, VCB Securities Joint Stock Company has recommended Buy ADS Share with Target price of VND 48,700.

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