



# GELEX GROUP

Business Result Presentation Quarter II 2023

# TERMS AND ACRONYMS

|                       |  |
|-----------------------|--|
| <b>GELEX</b>          | GELEX Group JSC                        |
| <b>GELEX Infra</b>    | GELEX Infrastructure JSC               |
| <b>GELEX Electric</b> | GELEX Electricity JSC                  |
| <b>AGM</b>            | Annual General Meeting of Shareholders |
| <b>BOD</b>            | Board of Director                      |
| <b>EE</b>             | Electrical Equipment                   |
| <b>CM</b>             | Construction Material                  |
| <b>IP</b>             | Industrial Park                        |
| <b>RE</b>             | Real Estate                            |
| <b>NR</b>             | Net Revenue                            |
| <b>PBT</b>            | Profit Before Tax                      |
| <b>GP</b>             | Gross Profit                           |
| <b>YoY</b>            | Year over Year                         |
| <b>QoQ</b>            | Quarter over Quarter                   |
| <b>AP</b>             | Annual Plan                            |
| <b>Q</b>              | Quarter                                |
| <b>H1</b>             | The first 6 months of the year         |
| <b>H2</b>             | The last 6 months of the year          |
| <b>YTD</b>            | Year to Date                           |





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### **Vietnam Macroeconomic**

GDP and credit growth were not as expected in Q2. However, inflation and exchange rate were well controlled. Additionally, there was a recovery in disbursed FDI.

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### **Consolidated Business Performance of GELEX Group**

The consolidated business results in Q2 recorded a positive recovery. Revenue reached VND 7,996 billion, the highest level within the last 4 quarters, PBT reached VND 870 billion, up more than 5 times compared to Q1 and up 49% YoY.

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### **Business Performance by Segments**

Compared to Q1, GELEX experienced a gradual recovery in its production activities, particularly in the electrical equipment and construction materials sectors. The industrial park and real estate sector stood out as a bright spot, sustaining a strong growth momentum when compared to previous quarters. This sector played a significant role in contributing to GELEX's positive consolidated business results.

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### **Highlight Activities**

GELEX successfully held the 2023 AGM on April 26<sup>th</sup> 2023, approved the operation plan for 2023, changed the BOD structure to 5 members. Mr. Nguyen Trong Hien was elected Chairman of GELEX after AGM.

# 1 VIETNAM MACROECONOMIC



|            |   |
|------------|---|
| <b>GDP</b> | <p><b>GDP and credit growth slow, requiring delayed monetary policies for effectiveness</b><br/>GDP growth was 4.14% YoY, and credit growth was 3.25% YoY. In H2 2023, the government's monetary and fiscal policies acted as an economic growth catalyst.</p>  |
| <b>CPI</b> | <p><b>The pressure of inflation cooled down</b><br/>In Q2, CPI increased by 2.41% YoY, while the core inflation rose by 4.74%. In H1 2023, the average CPI increased by 3.29% YoY, and core inflation rose by 4.74%. The inflationary pressure cooled down, and the government expects to keep the CPI of 2023 under control at a level below 4.5%.</p>   |
| <b>FX</b>  | <p><b>Interest rates and exchange rates remained stable.</b></p> <ul style="list-style-type: none"><li>▪ SBV reduced the regulatory interest rate 4 times in the year to support the market, but actual lending rate did not decrease accordingly. It was expected that lending rate would be lowered in the H2 to boost credit demand and economic growth.</li><li>▪ The exchange rate remained stable, fluctuating within a narrow range in H1. However, in H2 the exchange rate could face more pressure due to cyclical factors. Additionally, FED raised interest rates by 0.25 percentage point while SBV intended to continue reducing interest rates to support businesses.</li></ul> |
| <b>FDI</b> | <p><b>FDI capital registered and implemented increased in Q2.</b><br/>In Q2, the registered FDI capital reached \$6.49 billion, up 20% QoQ and 27% YoY. The implemented FDI capital reached \$5.68 billion, up 31% QoQ and 58% YoY.<br/>It is forecasted that FDI capital will continue to rise in H2, anticipating the global economic recovery trend. The Ministry of Planning and Investment expects the total registered FDI capital in 2023 to reach \$36-38 billion, showing a 30-37% increase YoY.</p>   |

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CONSOLIDATED BUSSINESS  
PERFORMANCE OF GELEX  
GROUP



# GELEX GROUP OVERVIEW



**GELEX** is a diversified investment group that operates under a Holding model, investing in and managing capital in its subsidiary companies. **GELEX** holds controlling interest in 2 sub-holding companies: **GELEX Infra** with a charter capital of VND 7,900 billion, **GELEX Electric** with a charter capital of VND 3,000 billion. Additionally, GELEX has a joint venture company called Titan Co., Ltd (“**Titan**”), with a charter capital of VND 810 billion (GELEX holds 49% ownership).

## GELEX’s core business sectors:

### 01 Electrical Equipment

Over 30 years leading in Vietnam electrical equipment market with top brands, eg: **CADIVI, THIBIDI, HEM, EMIC, CFT, MEE.**

### 03 Utilities

- **Energy:** invest and operate energy projects with a total capacity of ~260MW.
- **Clean water:** operating capacity of phase 1: 300,000 m3/day (phase 2 under construction: upgrade capacity to 600,000 m3/day).

### 02 Construction Material

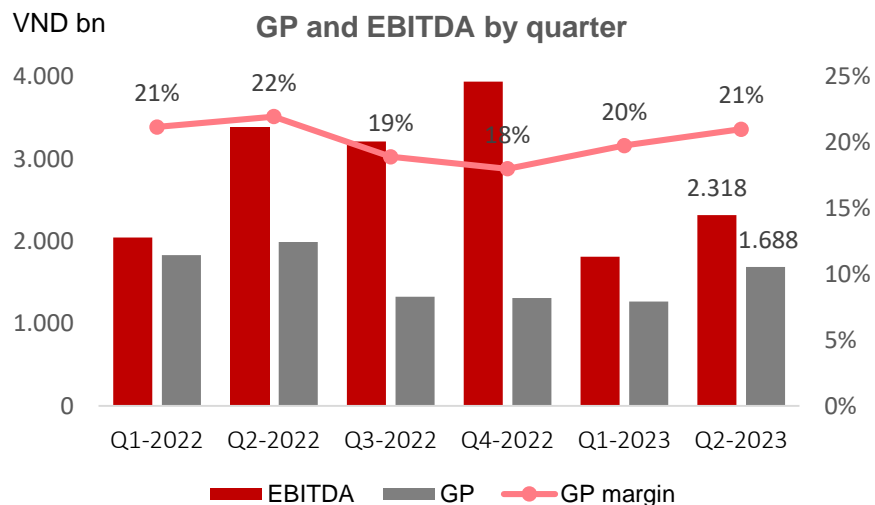
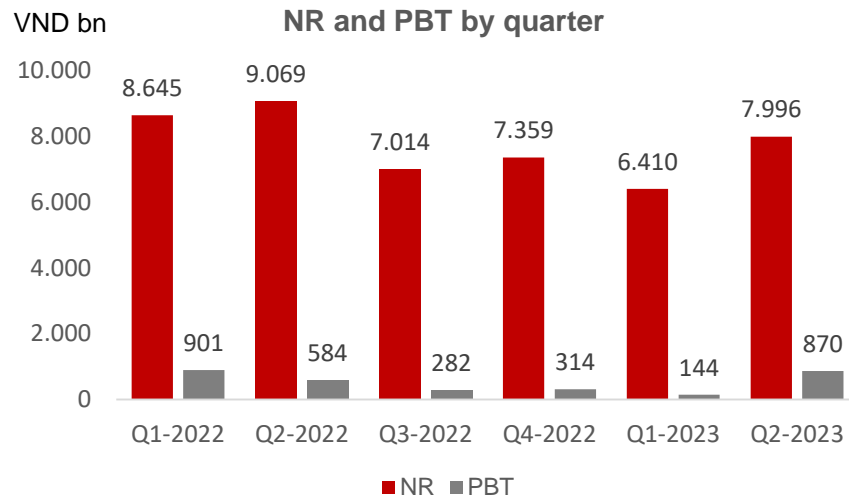
Owns **Viglacera** brand name with well-known products in domestic and global market such as: Sanitary wares & faucets, Ceramic & granite tiles, Terracotta, Building Glass.

### 04 Industrial Park & Real Estate

- **IP:** Experienced in developing and operating industrial parks with 12 IPs (4,000 ha), along with a convenient ecosystem of social and worker housing around the IPs.
- **Industrial RE:** Through joint venture Titan, GELEX collaborates with Frasers Property Vietnam to develop internationally standardized industrial spaces. The plan is to deploy 80 ha in the North of Vietnam by the year 2025.
- **RE:** Focusing on developing 50,000 social housing units during the period 2022-2030 as the government orientation.



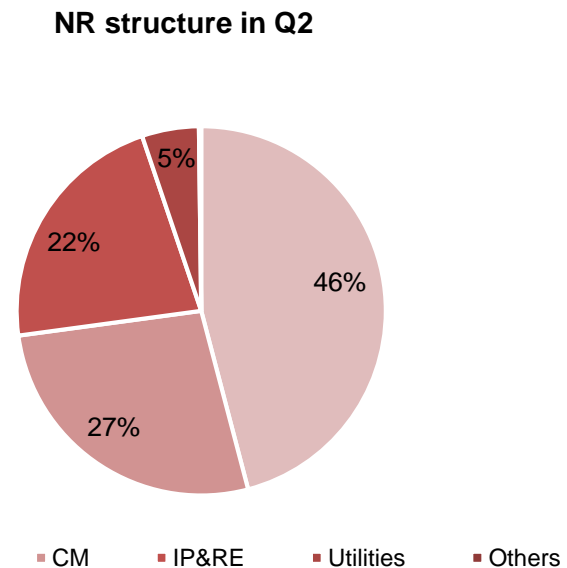
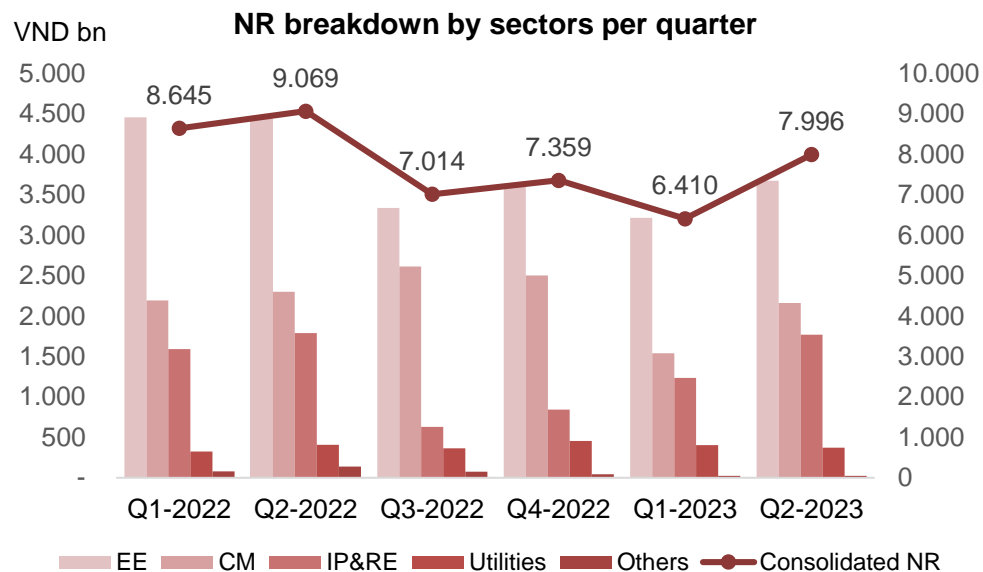
# BUSINESS PERFORMANCE HAD SIGNIFICANT IMPROVEMENT IN Q2



- **The Q2 consolidated NR** reached VND 7,996 billion, equivalent to 88% of Q2 last year, up 24.7% QoQ. This growth was attributed to the recovery in key sectors such as electrical equipment, construction materials, and a strong growth in the IP&RE sector.
- The Q2 consolidated PBT reached VND 870 billion, which is more than 5 times higher than Q1 and up 49% YoY. This significant increase was driven by the robust growth in NR from the IP sector with a high gross profit margin, coupled with effective cost management and financial expenses control.
- **GP** for Q2 reached VND 1,688 billion, increase by 33% QoQ.
- **EBITDA** for Q2 reached VND 2,318 billion, increase by 28% QoQ.
- **GP Margin** for Q2 was 21%, increase QoQ due to significant contribution of IP&RE sector.
- **The consolidated NR for H1** reached VND 14,406 billion, equivalent to 38.5% of the AP 2023. This was influenced by challenging macroeconomic conditions and a decline in the real estate market, which significantly impacted NR in electrical equipment and construction materials sectors. These two sectors also hold a substantial proportion in GELEX's revenue structure.
- **PBT for H1** reached VND 1,014 billion, reached 79.7% AP 2023.



# NET REVENUE STRUCTURE OF SECTORS



- NR from IP&RE sector experienced robust growth in Q2 and increased its proportion within GELEX's consolidated NR structure.
- EE sector still remained the primary contributor in total NR but decreased proportion to 46% in the second quarter.
- The revenue distribution was balanced between EE segment and the other sectors.

# STABLE ASSET AND CAPITAL STRUCTURE

| VND bn           | 31/12/22 | 31/03/23 | 30/06/23 | YTD (%) |
|------------------|----------|----------|----------|---------|
| Total asset      | 52.385   | 52.619   | 52.408   | 0,0%    |
| Short-term asset | 19.800   | 20.196   | 19.878   | 0,4%    |
| Long-term asset  | 32.585   | 32.422   | 32.530   | -0,2%   |
| Liabilities      | 31.341   | 31.588   | 31.005   | -1,1%   |
| Equity           | 21.043   | 21.030   | 21.403   | 1,7%    |

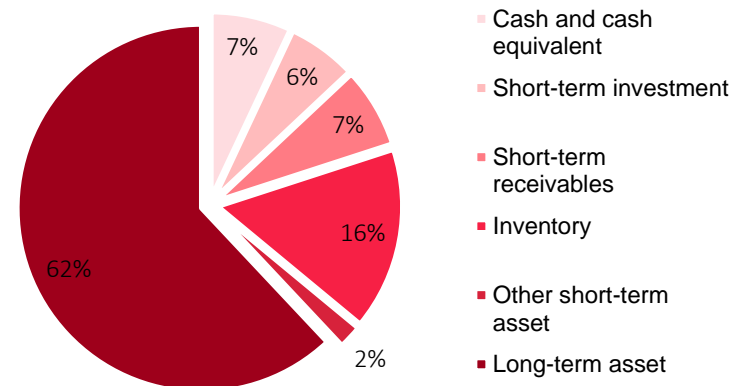
**Total assets** on 30/06/23 reached VND 52,408 billion, showing minimal changes compared to the beginning of 2023. The asset structure and capital also remained relatively stable with little variation compared to Q1 and the beginning of 2023.

**Current Assets:** Current assets such as inventory and short-term receivables decreased by 9.7% and 7.2% respectively compared to the beginning of the year. In response to the challenging market conditions, GELEX has set its focus on managing inventory and receivables to reduce risks in the year 2023..

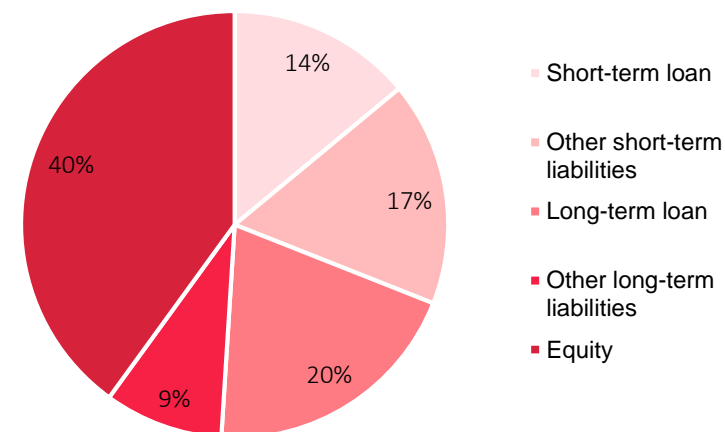
**Long-term Assets:** Long-term receivables increased due to long-term loans provided to project companies. Cost of construction in progress decreased by 18.3% YTD, as some construction items were completed at Yen My IP, Yen Phong 2C IP, and Song Da clean water plant phase 2.

**Liabilities:** Long-term loan increased by 8.1% compared to the beginning of the year to raise capital for industrial projects and Song Da clean water plant phase 2. The long-term assets accounted for 62% of the total assets, and the long-term capital, including long-term debt and equity, was 69%, ensuring balance and system liquidity.

Asset structure



Liabilities and equity structure



|                           | 31/12/21 | 31/12/22 | 31/03/23 | 30/06/23 |
|---------------------------|----------|----------|----------|----------|
| <b>Leverage Ratio</b>     |          |          |          |          |
| - Liability/ Total Asset  | 67%      | 60%      | 60%      | 59%      |
| - Loan/ Equity            | 108%     | 80%      | 87%      | 83%      |
| - Net Debt/ EBITDA        | 1.8      | 1.6      | 1.7      | 1.6      |
| <b>Solvency Ratio</b>     |          |          |          |          |
| - Current ratio           | 1.3      | 1.1      | 1.2      | 1.2      |
| - Interest Coverage Ratio | 4.2      | 5        | 5.3      | 6.4      |
| <b>Efficiency Ratio</b>   |          |          |          |          |
| - Gross profit Margin     | 15.3     | 20.1     | 19.8     | 21.3     |

Leverage ratios remained at a safe level in Q2 2023, little variations compare to Q1 and the beginning of 2023.

The current solvency ratio remained stable compared to Q1 and the beginning of 2023.

The interest payment ratio improved compared to Q1 and the beginning of 2023.

Efficiency ratio: Gross profit margin increased compared to Q1 and average level in 2022.

# 3

# BUSSINESS PERFORMANCE BY SECTORS



# BUSSINESS PERFORMANCE – ELECTRICAL EQUIPMENT

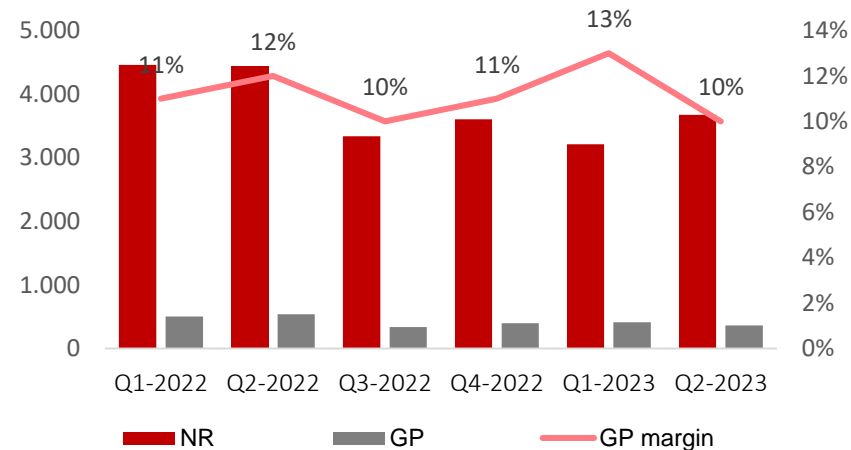


**Q2 Electrical equipment NR** reached VND 3,673 billion, up 14% QoQ, decreased 17.2% YoY.

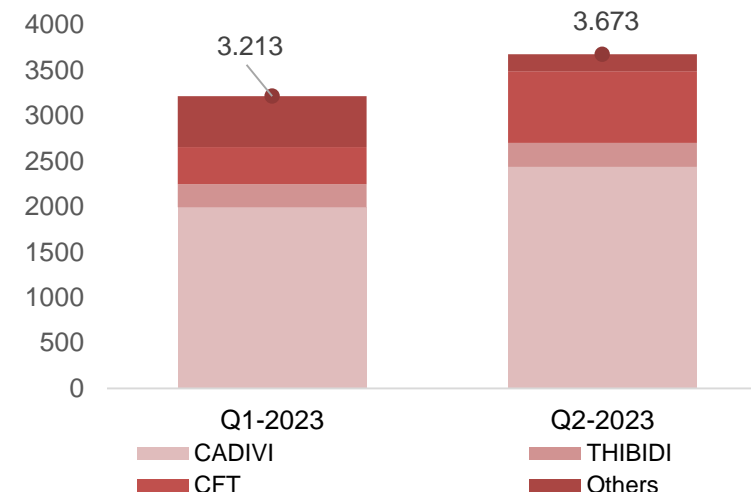
**Q2 GP margin** was 10% (lower than 13% in Q1 and the average of 11.2% in 2022) due to increased revenue share from CFT (which produces copper rod with low profit margin) and reduced profitability in some units amid challenging market conditions.

In the upcoming quarters, the company will adhere to the established plan, maintain and increase domestic market share, gradually expand exports, improve production and business efficiency, control inventory, and strengthen risk management.

VND bn NR and GP of EE sector by quarter



VND bn NR by EE unit companies



# BUSSINESS PERFORMANCE – BUILDING MATERIALS

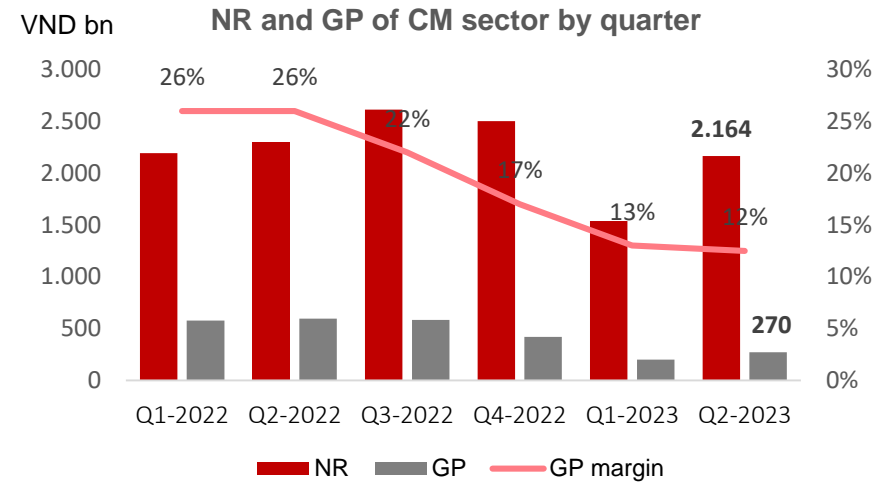


- **Q2 Construction Materials NR** reached 2,164 billion VND, up 40.4% QoQ, decreased 6.1% YoY.
- **Q2 GP margin** was 12%, slightly lower than Q1 due to reduced price of some products

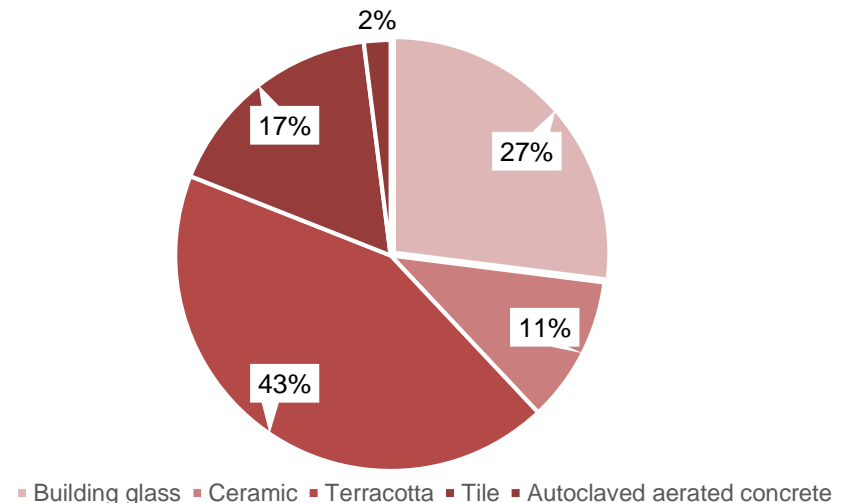
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▪ Viglacera autoclaved aerated concrete product received international green material certification from the Singapore Green Council and were successfully exported to Australia market.

- 
- Viglacera aims to continue developing its construction materials segment with a focus on the Net Zero trend, offering eco-friendly and sustainable construction materials solutions.
  - Invested in a new Sacmi Continua+ production line to stay ahead of the trend for premium large-sized porcelain tiles, replacing imported products.
  - Additionally, Viglacera will continue investing in a super-white glass manufacturing plant to meet the demand for glass substrates used in solar energy panel production.



**NR breakdown by products in H1-2023**



# BUSSINESS PERFORMANCE – IP&RE

- Q2 NR IP&RE sector achieved robust growth, contributing significantly to GELEX's profit.
- NR reached 1,779 billion VND, increased by 43.6% QoQ and equivalent to the same period last year.

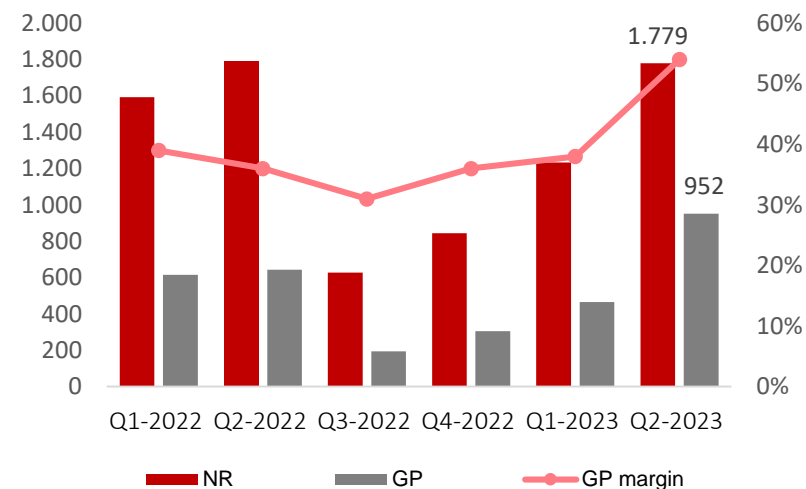
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- **IP sector:** recorded revenue from following IPs: Yen Phong 2C, Yen My, Dong Mai... with a total land area of 77 ha. Accumulatively, 117 ha of IP land were handed over in H1-2023.
- ✓ Continued to focus on construction and development of infrastructure in following IPs: Thuan Thanh I, Tien Hai, Phong Dien, Phu Ha, and Hai Yen.
- ✓ Established a new project company in Thai Nguyen to invest in the construction, business, and operation of an IP.
- **RE sector:** continues to focus on investing in social housing and workers' housing projects.

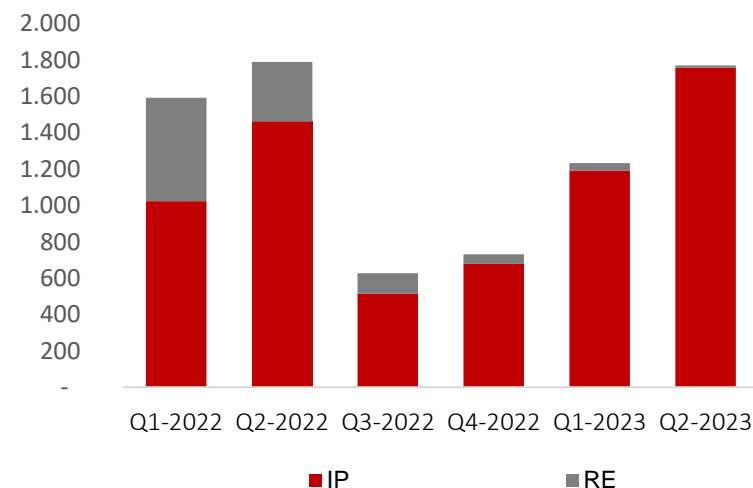
## H2-2023:

- Actively seeking new IP opportunities in provinces that have favorable conditions to attract investments.
- Establish new project companies in Hung Yen and Yen Bai to invest in the construction, business, and operation of IP.
- Accelerating progress in land clearance compensation and implementing synchronized infrastructure construction in existing IPs.

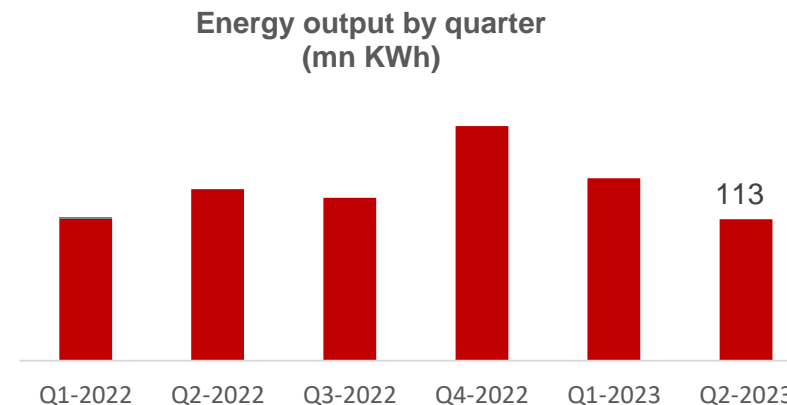
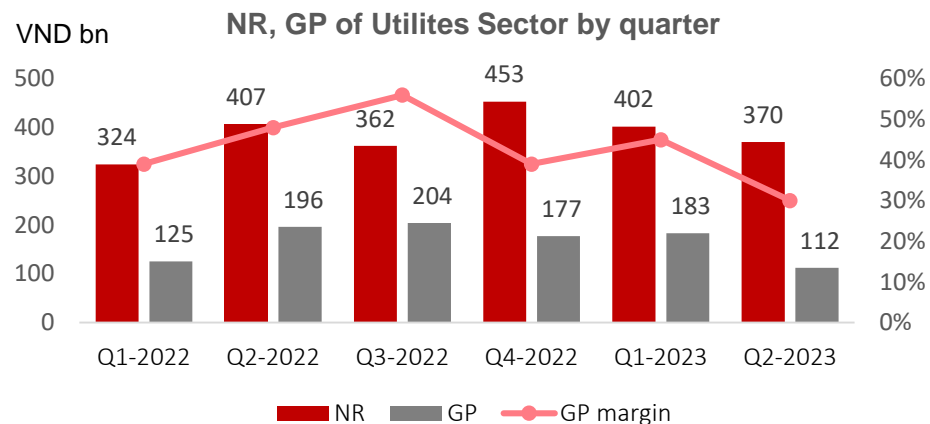
VND bn NR and GP of IP&RE sector by quarter



VND bn Breakdown NR of IP and RE by quarter



# BUSSINESS PERFORMANCE – UTILITIES



**Q2 NR for Utilities sector:** 370 billion VND (-8% QoQ, -9% YoY).

**Q2 GP margin:** 30%, the decrease in GP margin was primarily in the clean water segment due to the inclusion of depreciation costs for finished items in Song Da clean water plant phase 2.

**Energy:** Q2 electricity output reached 113 million KWh, lower than Q1 due to low wind cycles and Elnino impact. For H1-2023, electricity output reached 259 million KWh (41% of the 2023 annual plan).

**Clean water:** Song Da clean water plant maintained stable operations in Q2. In H1-2023, the output reached 50% of the annual plan.

The phase 2 project to increase the plant's capacity to 600,000m<sup>3</sup>/day, continued to be implemented as scheduled, with the completion of some construction items. In Q2, the project started recognizing interest and depreciation costs for these items, affecting the plant's specific profit and GELEX's Utilities sector's profit margin.



# 4

## HIGHLIGHT ACTIVITIES



# HIGHLIGHT ACTIVITIES IN Q2 2023



## AGM 2023 & new chairman of the BOD

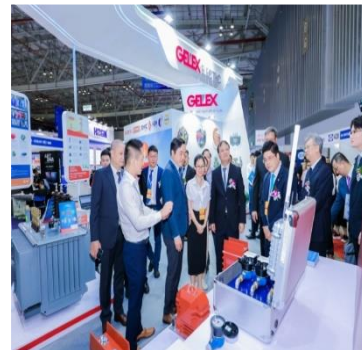
The 2023 AGM was successfully held on April 26, 2023, approving the activity plan for the year and new structure of BOD with 5 members.

Mr. Nguyen Trong Hien was elected as the Chairman of the BOD. Mr. Hien has held various management positions at SCIC, REE, and GELEX with over 20 years of experience in corporate management, investment, business restructuring and corporate strategy.

**National Assembly Chairman Vuong Dinh Hue, attended the groundbreaking ceremony for the southern area of the VIGLACERA's ViMariel IP in Cuba.**

National Assembly Chairman Vuong Dinh Hue, and leaders of various Vietnamese Ministries attended the groundbreaking ceremony for the southern area of the ViMariel IP, developed by VIGLACERA.

The ViMariel IP covers an area of 156 ha, with a total investment of USD 41 million, and it is the first industrial park in Cuba to be granted to a foreign company.



**GELEX Electric showcased a series of products at the Vietnam ETE and Enertec Expo 2023.**

CADIVI introduced the EVC electric vehicle charging cable and ACCC® super thermal cable with aluminum conductor composite core, EMIC showcased equipment to prevent iron loss and measurement systems, HEM presented electric motors with aluminum casing and THIBIDI displayed high-efficiency transformer equipment.

These achievements are the result of investing in technology, R&D and the application of the advanced technology worldwide.

**GELEX ranks among the Top 15 outstanding large-cap listed companies at the IR Awards 2023**

The IR Awards is an annual event jointly organized by Vietstock.vn and FiLi.vn, aiming to honor listed companies that fully and promptly meet their IR obligations and recognize companies with excellent IR activities.

As part of the awards, VIGLACERA and CADIVI are among the 364 companies that meet Information disclosure standards.



## GELEX celebrates 33 years of establishment

On July 10, 2023, GELEX celebrated its 33rd establishment anniversary. Throughout 33 years of development, GELEX has grown to become a leading investment group in Vietnam.

As of June 30, 2023, the total assets of the group reached 2.3 billion USD, and it owns over 50 subsidiary companies with a prominent position in various sectors such as electrical equipment, construction materials, real estate and industrial parks, energy, and more.



**Vasta Stone elevates the building material to a new level**

The Vasta Stone product has been gradually developing its market presence, expanding its distribution network, and collaborating with international partners such as MICHELIN Guide since June 2023 to promote its products.



## Thank you

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