Shinhan Securities

## Industrial park real estate

# FDI capital continues to promote growth



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Industrial real estate businesses have a clear differentiation. Businesses with land funds available for lease have recorded impressive business results

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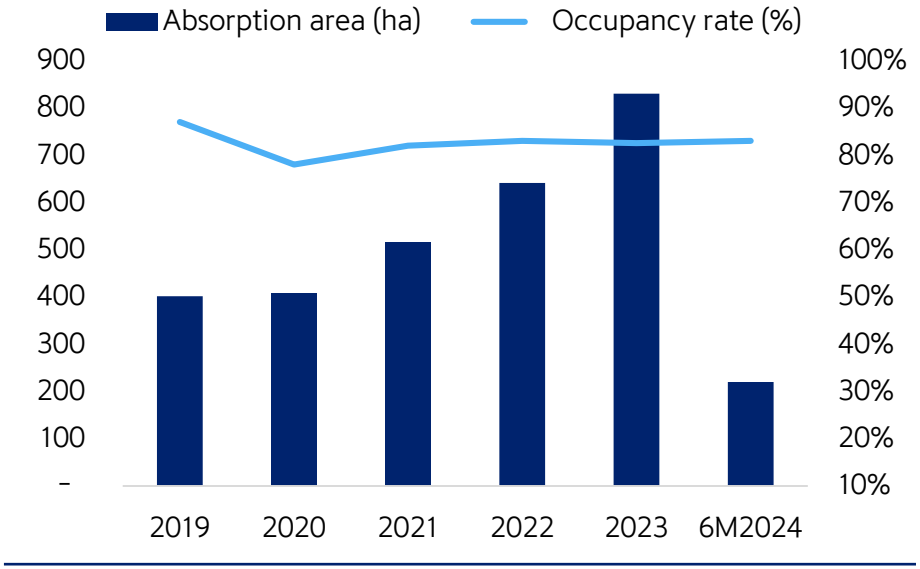
# Update the industrial real estate situation

The absorption rate is high and rental prices continue to grow steadily in 6M2024. Industrial real estate supply is mainly concentrated in the Northern region

# Update the industrial real estate situation

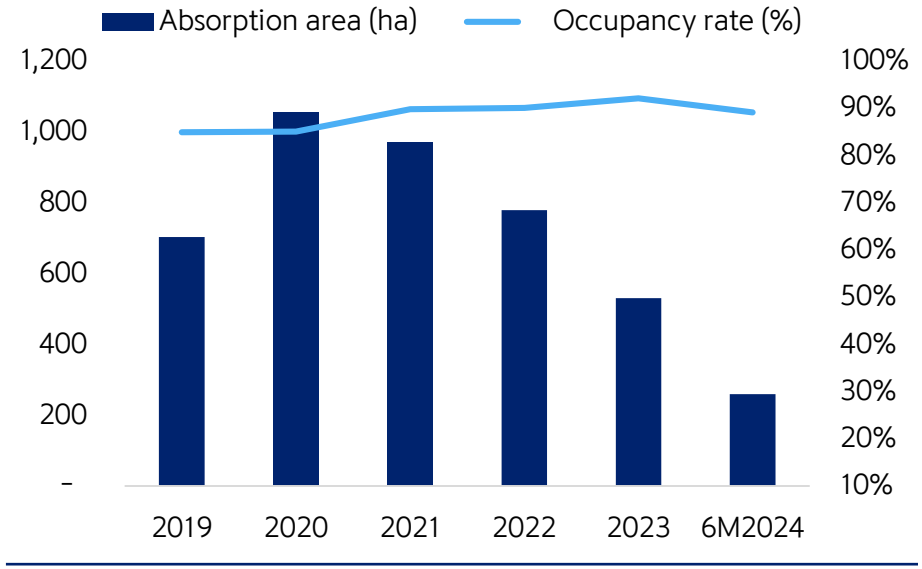
## Occupancy rates remain high with rental prices showing a slight increase

Industrial park absorption and occupancy rate from 2019 – 6M2024 in the North




Source: CBRE, Shinhan Securities Vietnam

Industrial park absorption and occupancy rate from 2019 – 6M2024 in the South



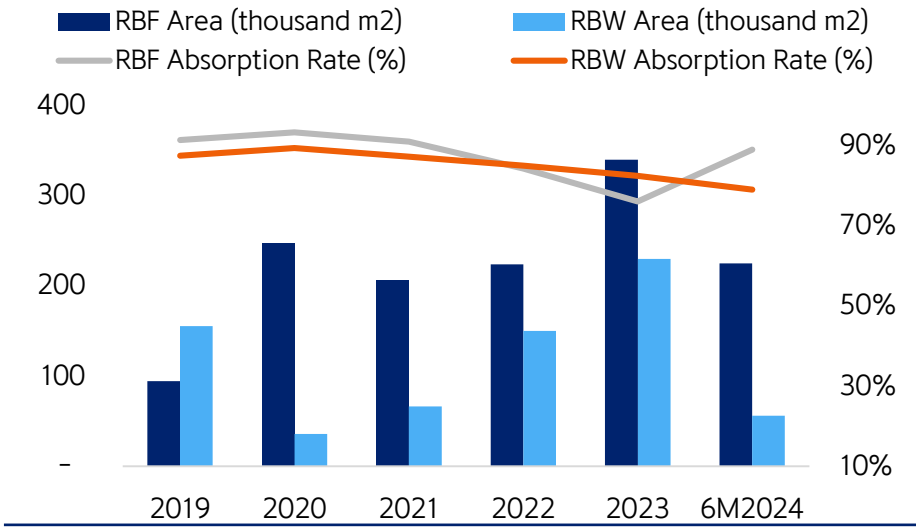

Source: CBRE, Shinhan Securities Vietnam

- In 6M2024, the Northern region reported an absorption area of 220 hectares, with an occupancy rate of 83%. The Southern region experienced a moderate increase, recording an absorption area exceeding 259 hectares and an occupancy rate of 89%.
- The average rental price in the Northern region reached USD 134/m2/cycle (+7.8% YoY). Meanwhile, the Southern region saw an average rental price of USD 173 /m2/cycle (+ 2.4% YoY).
- Supply in the Northern region is predominantly concentrated in key cities such as Bac Ninh, Hai Phong, Hung Yen, and Hai Duong. In contrast, the Southern region's supply is more limited, primarily in the provinces of Long An and Ba Ria—Vung Tau.

# Update the industrial real estate situation

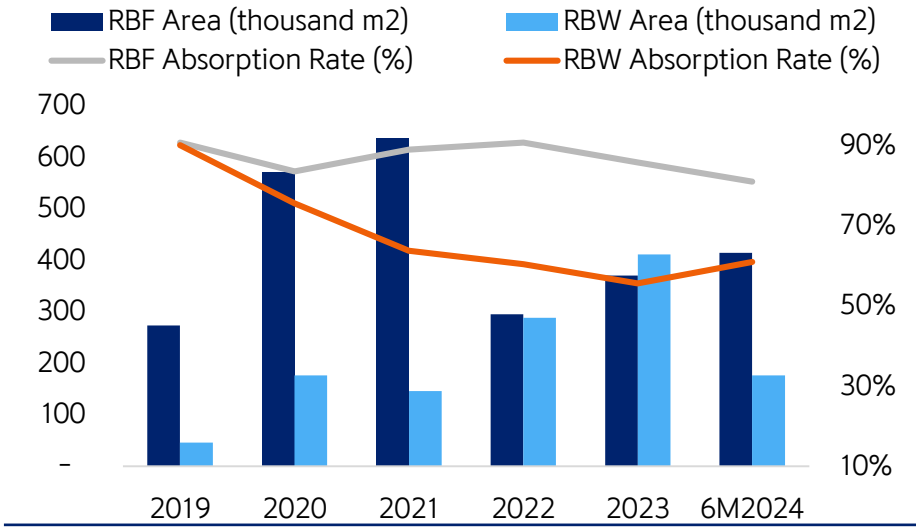
## Rental demand for RBW/RBF remains high, and the absorption rate is prospered

Absorption Area and Occupancy Rate of RBW/RBF from 2019 – 6M2024 in the North




Source: CBRE, Shinhan Securities Vietnam

Absorption Area and Occupancy Rate of RBW/RBF from 2019 – 6M2024 in the South




Source: CBRE, Shinhan Securities Vietnam

- In 6M2024, the Northern region experienced an increase in absorption area. The absorption rate for ready-built factories (RBF) reached 89%, while ready-built warehouses (RBW) had an absorption rate of 79%. Notably, RBF in the Northern region demonstrated robust growth compared to the previous year, whereas RBW maintained stable performance.
- Similarly, the Southern region recorded a moderate increase in absorption area, with an absorption rate of 81% for RBF and 61% for RBW. The performance of RBF in the South was solid, driven by new supply in Binh Duong and Dong Nai. In contrast, RBW in the South remained flat due to the lack of new supply in the market.
- Rental prices for both RBF and RBW increased compared to the same period last year. RBF and RBW rental prices in the Northern region were USD 4.9/m² and USD 4.6/m², respectively. In the Southern region, RBF rental prices were also USD 4.9/m², while RBW reached USD 4.5/m².

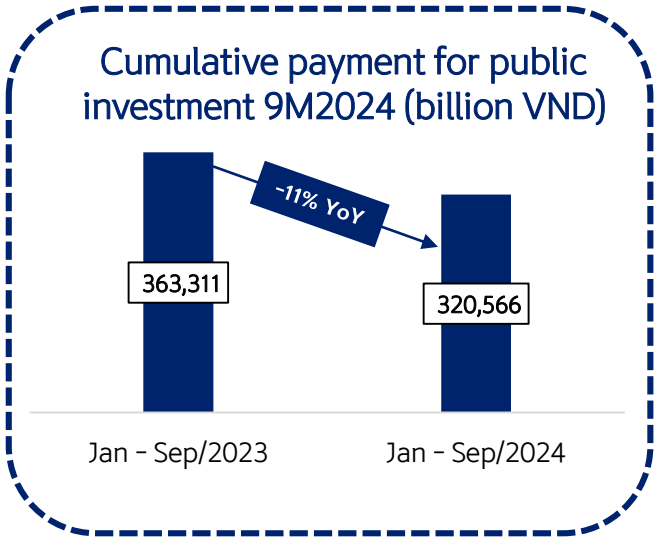
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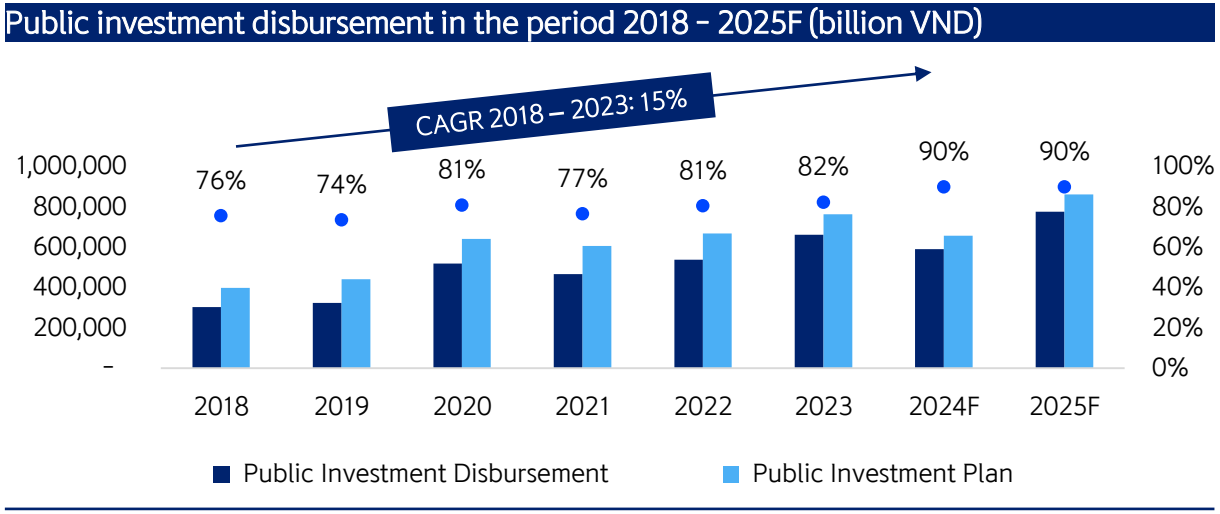
# Potential of industrial real estate

Strong infrastructure investment, a recovering manufacturing situation, and continued growth of FDI capital flows are the foundations for industrial park real estate growth

# Potential of industrial real estate

## Strong public investment contributes to promoting infrastructure development




Source: Ministry of Finance, Shinhan Securities Vietnam

- The Ministry of Finance's report showed that the estimated disbursement of public investment 9M2024 was about VND 320,566 billion (-11% YoY), reaching 47.29% of the plan assigned by the Prime Minister. The disbursement rate in 9M2024 decreased compared to 9M2023, falling from 51.38% to 47.29%. To promote the disbursement of public investment, the Government issued Official Dispatch No. 104/CD-TTg dated October 8, 2024, to urge the promotion of public investment capital in the last months of 2024.
- According to Decision No. 1603/QD-TTg, the public investment plan for 2024 is VND 657,349 billion, (-14% YoY), and the disbursement rate in 2024 according to the plan is expected to reach 95%. Based on Resolution No. 29/2021/QH15, with a total plan for the 2021-2025 period of VND 2,870 trillion, we estimate that the disbursement plan for 2025 will be at the same level as in 2024.
- The year 2024 is considered the year to promote the construction of infrastructure projects when important infrastructure projects such as the North-South Expressway Phase 2, Ring Road 3, Ring Road 4, and Long Thanh Airport Phase 1 have completed bidding and started construction in 2H2023.

# Potential of industrial real estate

## Key public investment projects

| Name of project | Time | Total investment (billion VND) | Investment situation of projects |
|---|---|---|---|
| North-South Expressway Phase 1 | 2017 – 2024 | 118,716 | Completed the construction |
| North-South Expressway Phase 2 | 2023 – 2025 | 146,990 | All 12 component projects of phase 2 have completed bidding and started construction in 2023 |
| Ring Road 3 (Ho Chi Minh City) | 2022 – 2026 | 75,378 | The project has started construction since June 2023 and is expected to be completed in June 2026. However, due to issues related to site clearance in Binh Duong, the progress is still behind schedule. |
| Ring Road 4 (Hanoi) | 2022 – 2026 | 85,813 | The project has started construction since June 2023 and is expected to be completed in June 2026. As of April 2024, the total investment capital for the project is about VND 12,600 billion, the construction progress has reached 8.9%. |
| Long Thanh Airport Phase 1 | 2020 – 2025 | 114,451 | According to a representative of Vietnam Airports Corporation (ACV), the progress of the Long Thanh International Airport construction project is following the plan |

Source: Ministry of Transport, Shinhan Securities Vietnam

# Potential of industrial real estate

## Disbursement status of public investment projects

| Name of project | Disbursement plan in 2024 (billion VND) | Accumulated disbursement to July 31, 2024 (billion VND) | Disbursement rate (%) |
|---|---|---|---|
| North-South Expressway Phase 1 | 6,534 | 2,560 | 39.2% |
| North-South Expressway Phase 2 | 30,099 | 16,837 | 55.9% |
| Khanh Hoa – Buon Ma Thuot Expressway Phase 1 | 4,697 | 1,680 | 35.8% |
| Bien Hoa – Vung Tau Expressway Phase 1 | 6,489 | 1,286 | 19.8% |
| Chau Doc – Can Tho – Soc Trang Expressway Phase 1 | 10,734 | 4,636 | 43.2% |
| Ring Road 4 – Hanoi | 9,805 | 1,642 | 16.7% |
| Ring Road 3 – Ho Chi Minh City | 21,540 | 2,234 | 10.4% |
| Ho Chi Minh Road | 4,575 | 1,868 | 40.8% |
| Total | 94,474 | 32,744 | 34.7% |

Source: Ministry of Transport, Shinhan Securities Vietnam

# Potential of industrial real estate




## Infrastructure projects contribute to industrial park development

### Strong investment for infrastructure projects in the period 2020 – 2030

- A total of VND 1,874 trillion will be invested in infrastructure projects nationwide in the 2021-2030 period. Of which, road infrastructure accounts for 48% of the state budget.
- According to statistics, in the 2000-2021 period, the country invested in and put into operation 1,163 km of highways. The government has set a target that by 2025, the country will have about 3,000 km of highways, more than double the current figure, and plans to reach 5,000 km of highways by 2030.

### Infrastructure projects help connect the country effectively and attract FDI capital

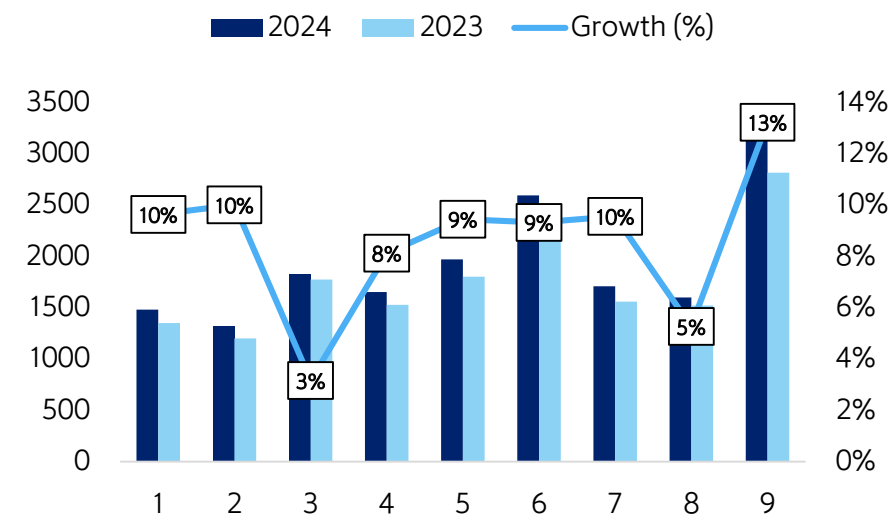
- Infrastructure projects are critical in attracting foreign companies to invest in Vietnam. Increased investment in infrastructure enhances connectivity within the country, thereby improving the efficiency of domestic transportation of goods and raw materials. This, in turn, boosts production efficiency and reduces costs. Moreover, well-developed infrastructure facilitates better links to key seaports and airports, further supporting export growth.

Source: Ministry of Transport, Shinhan Securities Vietnam

# Potential of industrial real estate

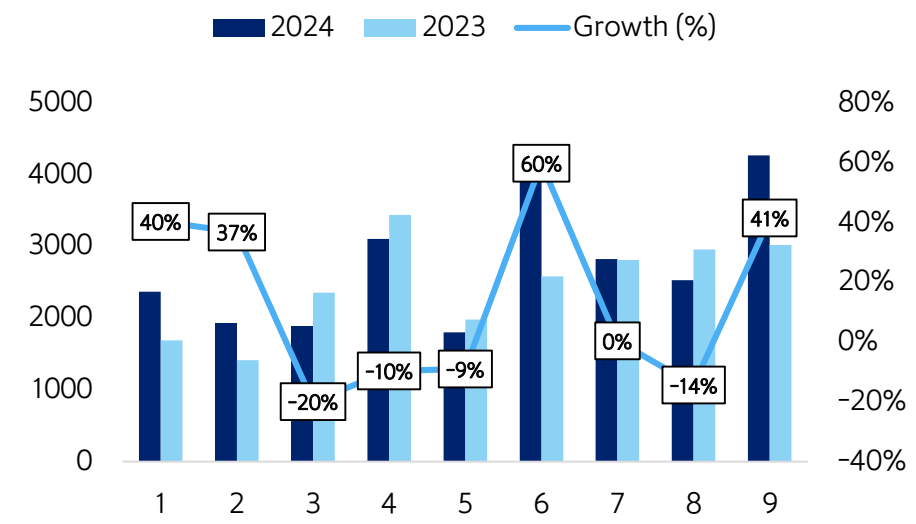
## FDI capital flows continue to maintain stable growth over the months.

### Realized FDI capital 9 months 2023 vs 2024 (million USD)




Source: Fiinpro, Shinhan Securities Vietnam

### Registered FDI capital 9 months 2023 vs 2024 (million USD)



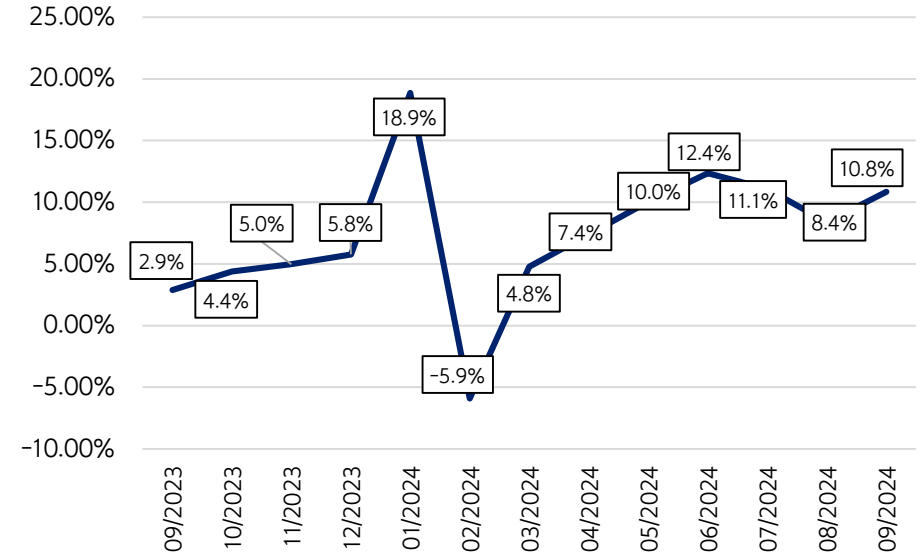

Source: Fiinpro, Shinhan Securities Vietnam

- Disbursed foreign direct investment (FDI) capital has demonstrated stable growth, with the total accumulated disbursed FDI capital in 9M2024 reaching USD 17.34 billion (+8.9% YoY). This marks the highest level of disbursed FDI capital in the past five years. Additionally, registered FDI capital reached USD 24.78 billion (+11.6% YoY).
- According to the Foreign Investment Agency, foreign investment in Vietnam continues to exhibit a positive trend, with increases in both the number of projects and the scale of investment capital for new and adjusted investments. Specifically, 2,492 new projects were granted investment registration certificates, with a total registered capital exceeding USD 13.55 billion (+11.3% YoY).

# Potential of industrial real estate

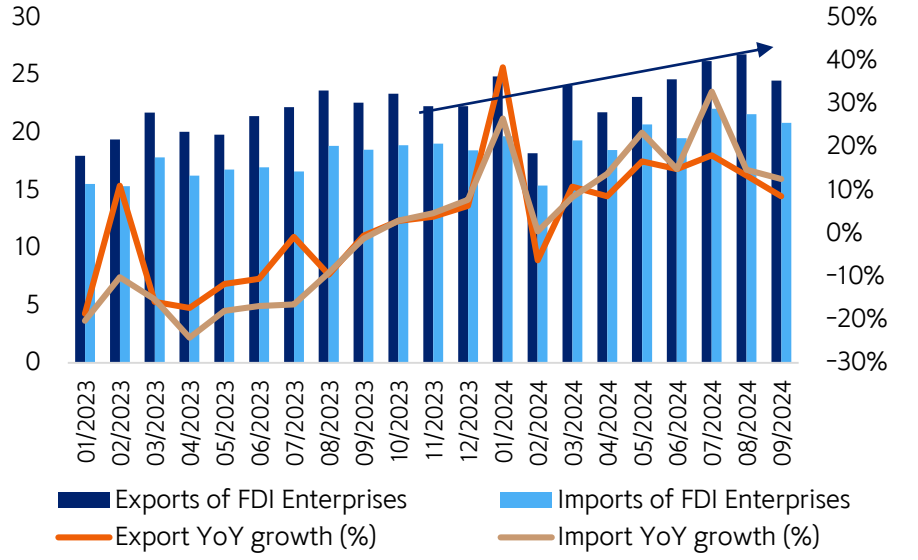
## Production situation of FDI enterprises in Vietnam

**Industrial production index - IIP 09/2023 – 09/2024 (%)**




Source: Fiinpro, Shinhan Securities Vietnam

**Import-export FDI enterprises 05/2023 – 09/2024 (billion USD)**



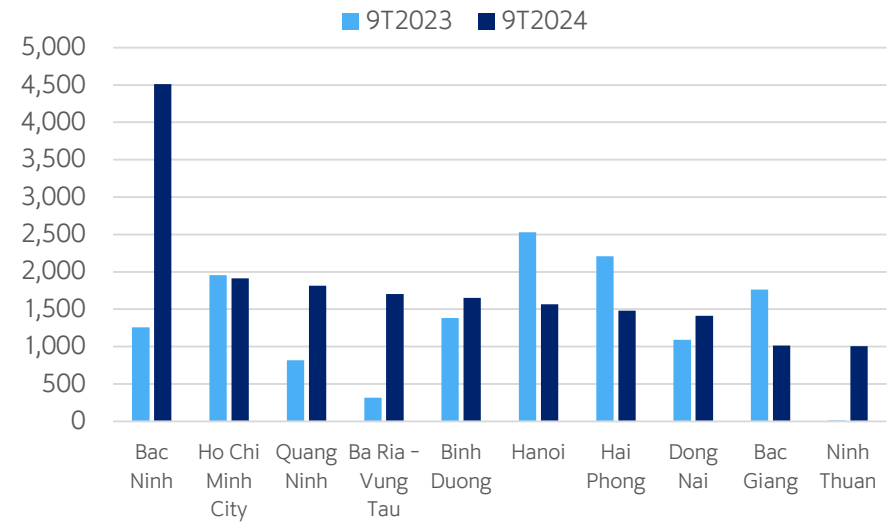

Source: Fiinpro, Shinhan Securities Vietnam

- The industrial production index demonstrated solid growth in 2024, with a significant improvement in overall production activities, driven by the recovery of the global economy.
- In 9M2024, cumulative exports by FDI enterprises reached USD 216.16 billion, representing a 13.4% increase compared to 2023. The import and export performance of FDI enterprises has shown consistent monthly improvement, indicating continued positive momentum in their activities in Vietnam. This positive trend forms a strong foundation for the country's future growth prospects of FDI capital.

# Potential of industrial real estate

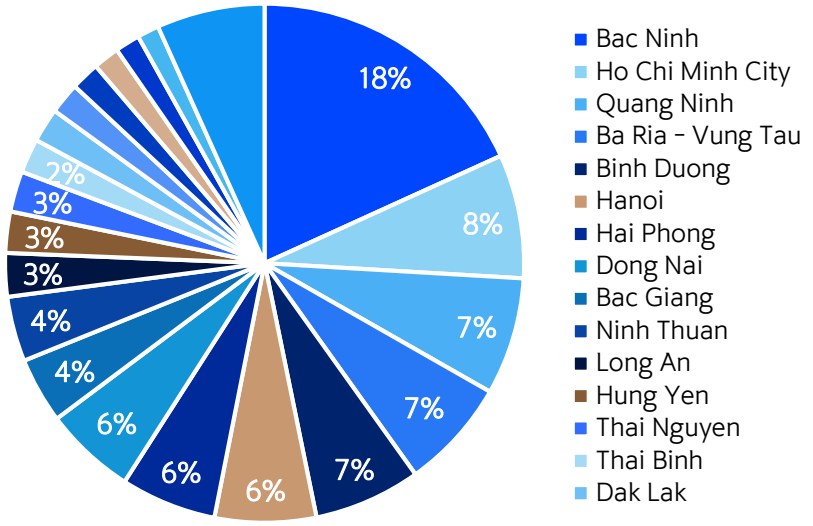
## Northern and Southern provinces continue to receive the majority of FDI capital.

**Top 10 localities receiving cumulative registered FDI capital in the first 9 months of 2023 and 2024 (million USD)**




Source: Fiinpro, Shinhan Securities Vietnam

**Top 10 localities receiving registered FDI capital in 9M2024 (%)**



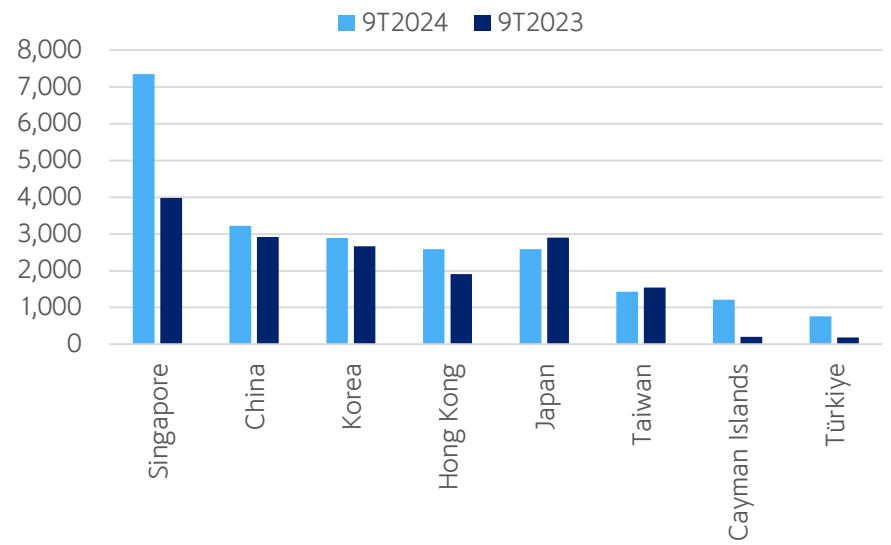

Source: Fiinpro, Shinhan Securities Vietnam

- Provinces such as Bac Ninh, Ho Chi Minh City, Quang Ninh, Ba Ria - Vung Tau, Binh Duong, Ha Noi, and Dong Nai remain key destinations for FDI capital inflows into Vietnam. Notably, provinces such as Ba Ria - Vung Tau and Bac Ninh grew 5.37 and 3.49 times higher than in the same period. Strategic location and strong infrastructure investment contribute to the growth of FDI capital in domestic provinces and cities.
- The northern provinces continue to attract strong FDI capital flows, primarily due to their abundant supply of industrial park real estate and more competitive rental costs compared to the southern provinces.

# Potential of industrial real estate

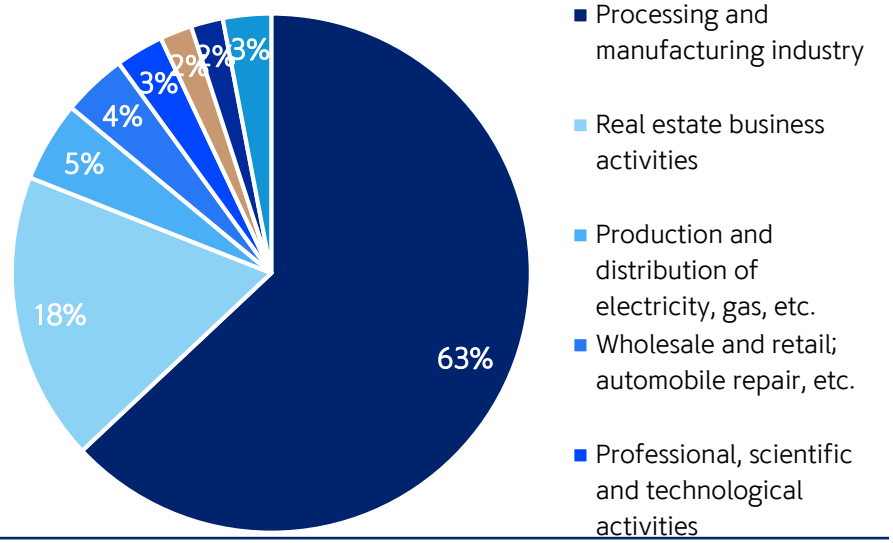
## Asian countries play an important role in the structure of FDI capital sources.

### Top 10 countries investing in Vietnam in 9 months (million USD)




Source: Fiinpro, Shinhan Securities Vietnam

### Structure of sectors registered FDI in 9M/2024 (%)



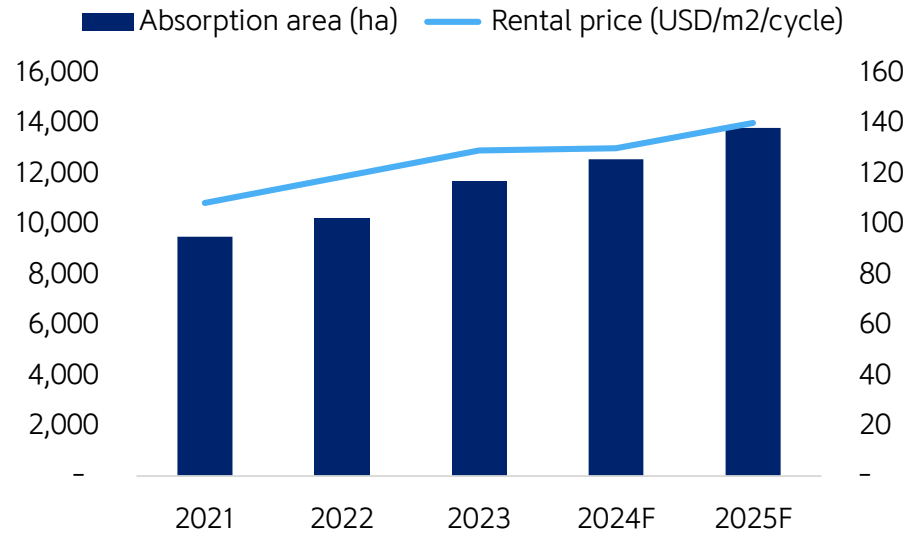

Source: Fiinpro, Shinhan Securities Vietnam

- Investors from Asia (Singapore, Japan, China, Korea, Hong Kong, Taiwan) are still traditional investment partners, accounting for a large proportion of registered FDI capital in 9M2024. These 6 partners alone accounted for 81% of the total registered FDI capital of the country in the first 9 months of 2024.
- Notably, the real estate business sector has seen significant growth, with total registered FDI capital reaching USD 4.38 billion, 2.26 times higher than last year. Sectors such as industrial park real estate, housing, and office real estate have particularly benefited from this influx of FDI capital.

# Potential of industrial real estate

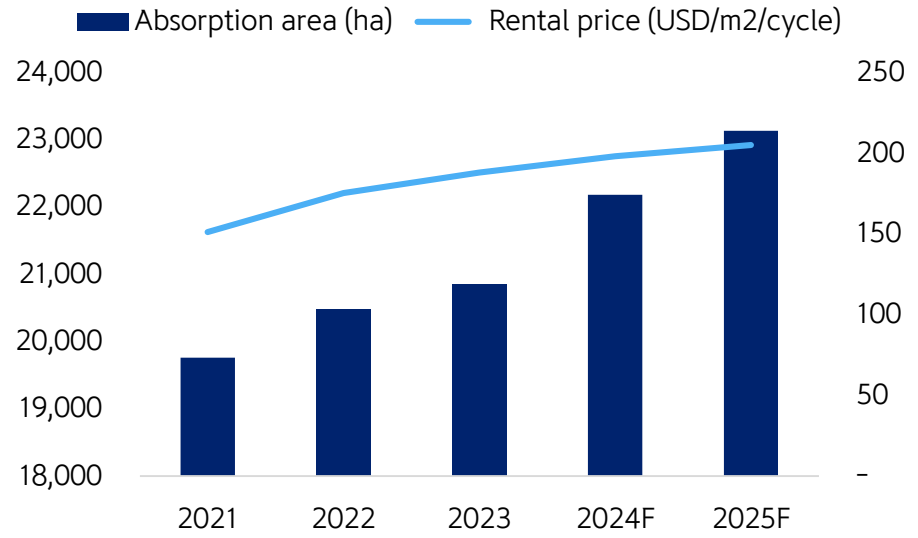
## Industrial real estate prospects continue to maintain stable growth in the future

**Projected cumulative area and industrial park land rental price from 2021 – 2025F in the North**




Source: CBRE, Shinhan Securities Vietnam

**Projected cumulative area and industrial park land rental price from 2021 – 2025F in the South**



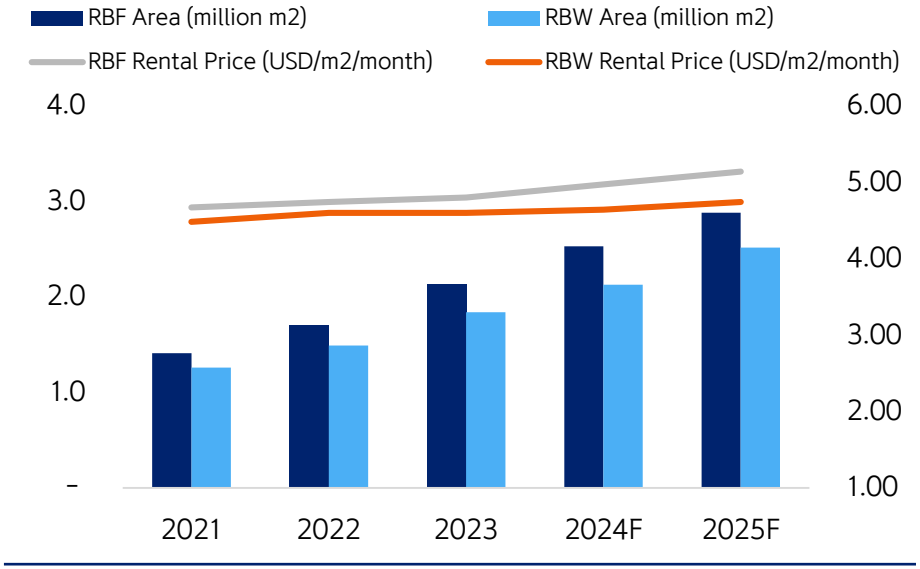

Source: CBRE, Shinhan Securities Vietnam

- We estimate that the supply of industrial real estate in 2024 in the two regions of the North and the South will grow by 7% and 6.4% respectively. In particular, the supply in the North will mainly be concentrated in provinces such as Bac Ninh, Hai Phong, Hung Yen. For the South, the supply will mainly be in the provinces of Binh Duong, Dong Nai, Long An and Ba Ria Vung Tau.
- Industrial land prices are forecasted to continue to grow steadily by 5% - 10%/year in 2024 and 2025 in the future thanks to stable rental demand, and continued growth of FDI capital in Vietnam. The occupancy rate is expected to continue to remain high at 84% in the North and 93% in the South.

# Potential of industrial real estate

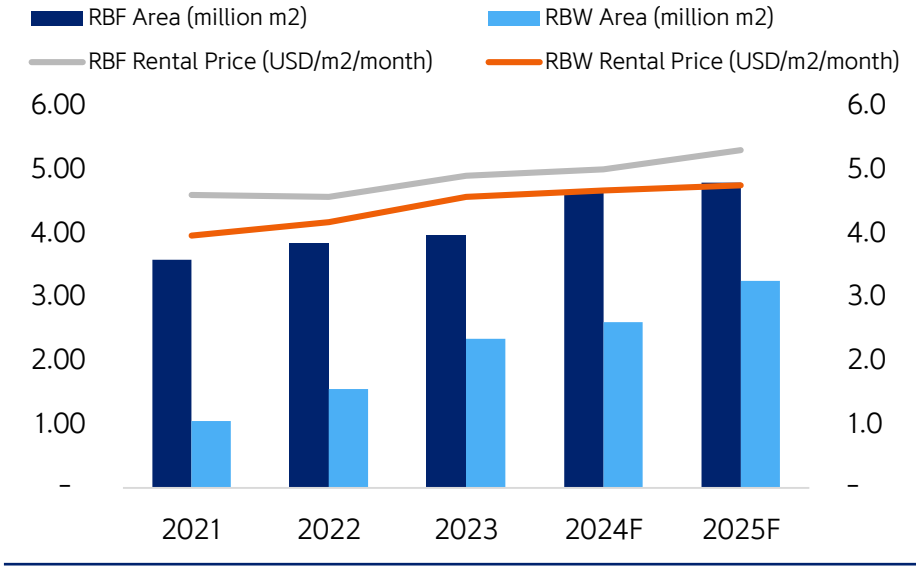
## Supply of RBF and RBW continues to grow according to market demand

**Projected absorption area and RBF/RBW price 2021 – 2025F in the North**




Source: CBRE, Shinhan Securities Vietnam

**Projected absorption area and RBF/RBW price 2021 – 2025F in the South**




Source: CBRE, Shinhan Securities Vietnam

- According to CBRE, the supply of RBF and RBW in 2024 - 2025 is expected to grow by 15% - 20% for the Northern region and 8% - 16% for the Southern region.
- Rent and absorption rates are expected to grow steadily thanks to the expansion of technology and e-commerce companies in Vietnam. We expect RBF and RBW rents to grow steadily at around 3% annually.

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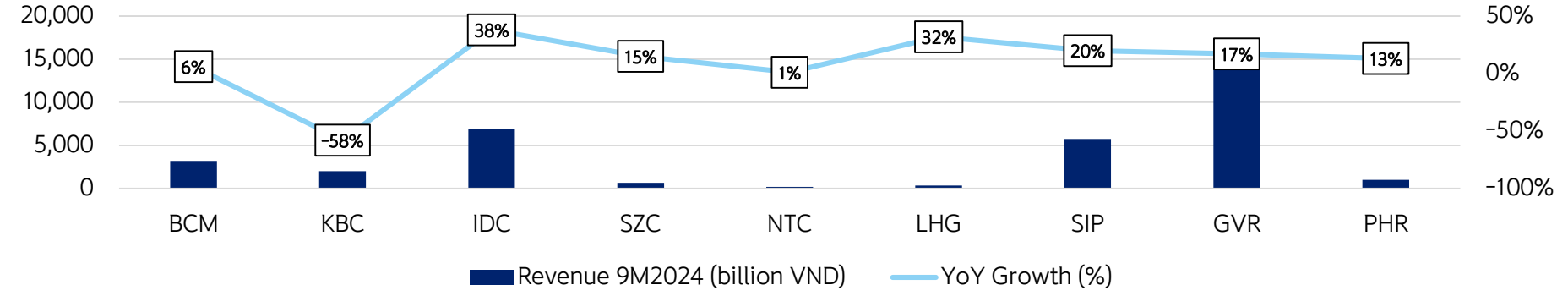
# Update on industrial real estate stocks

Industrial real estate businesses have a clear differentiation. Businesses with land funds available for lease have recorded impressive business results

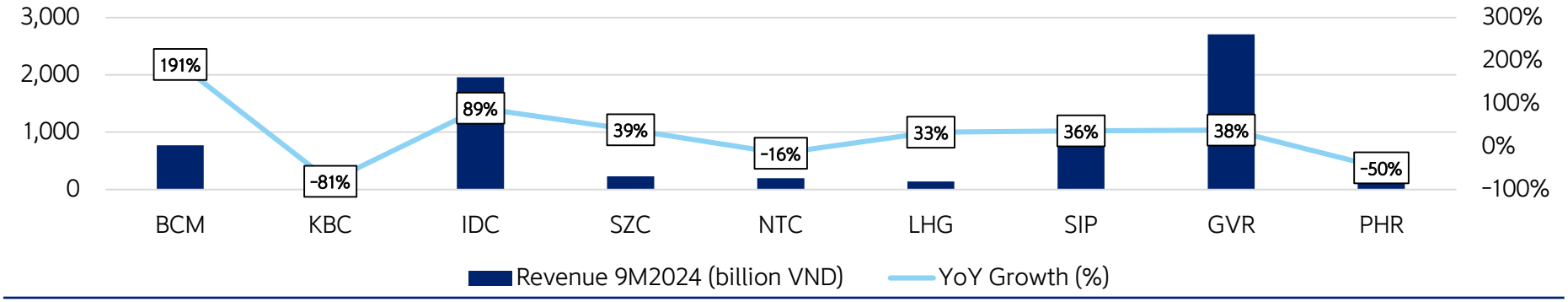
# Update on industrial real estate stocks

## Update on the business situation of some prominent stocks

### Revenue of industrial park real estate enterprises in 9M2024




### Net profit of industrial park real estate enterprises in 9M2024




Source: Fiinpro, Shinhan Securities Vietnam

- The business performance within the industrial park real estate sector has shown clear differentiation, with companies that have available land for lease capitalizing on the influx of FDI capital, leading to significant growth in both revenue and profit. Notably, these enterprises have also seen an improvement in their gross profit margins compared to the same period last year, as industrial park land prices continue to rise in key cities and provinces. This upward trend in land prices has further bolstered the financial performance of companies in this sector.

# Update on industrial real estate stocks

| Ticker | Mkt price (VND) | Target price* (VND) | Upside (%) | Mkt cap (Billion VND) | Revenue forecast in 2024 (Billion VND) | Revenue growth (% YoY) | Net profit forecast in 2024 (Billion VND) | Profit growth (% YoY) | ROA – TTM (%) | ROE – TTM (%) | GPM – TTM (%) | D/E | P/E – TTM | P/B – TTM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BCM | 67,100 | 80,900 | 21% | 69,448 | 6,540 | -17% | 1,693 | -26% | 5% | 15% | 56% | 1.1 | 26.6 | 3.8 |
| KBC | 26,300 | 33,800 | 29% | 20,188 | 3,942 | -30% | 988 | -56% | 1% | 1% | 48% | 0.2 | 90.3 | 1.2 |
| IDC | 56,000 | 64,800 | 16% | 18,480 | 8,803 | 22% | 2,067 | 25% | 11% | 38% | 38% | 0.5 | 10.1 | 3.9 |
| SZC | 38,950 | 43,500 | 12% | 7,010 | 1,063 | 30% | 277 | 27% | 4% | 12% | 45% | 0.9 | 18.5 | 2.3 |
| NTC | 194,000 | 237,500 | 22% | 4,656 | 259 | 10% | 315 | 5% | 6% | 27% | 68% | 0.1 | 17.1 | 4.3 |
| LHG | 35,750 | 43,450 | 22% | 1,787 | 628 | 59% | 170 | 2% | 6% | 12% | 54% | 0.1 | 9.5 | 1.2 |
| SIP | 74,100 | 90,500 | 22% | 15,600 | 7,150 | 7% | 1,088 | 8% | 5% | 29% | 14% | 0.7 | 14.2 | 4.0 |
| GVR | 32,900 | 36,200 | 10% | 131,600 | 25,511 | 15% | 4,241 | 26% | 4% | 5% | 22% | 0.1 | 51.4 | 2.8 |
| PHR | 57,000 | 65,400 | 15% | 7,723 | 1,529 | 13% | 634 | -4% | 7% | 11% | 24% | 0.1 | 19.4 | 2.1 |

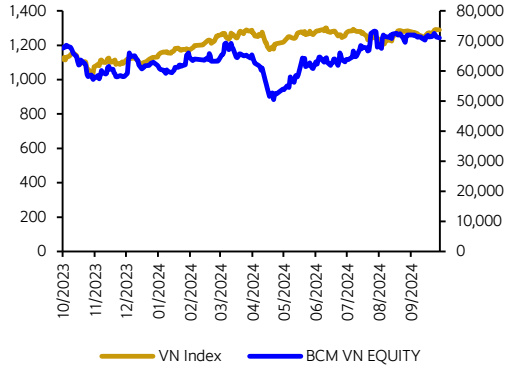
* Target price (fair value) for the next 12 months

Source: SSV Research, Bloomberg, Fiipro
Data as of 31/10/2024

# Investment And Industrial Development Corporation - (BCM VN)

| TARGET PRICE (VND) | |
|---|---|
| 80,900 | |
| CURRENT PRICE (VND) | UP/DOWNSIDE |
| 67,100 | 21% |
| VNINDEX | 1,264 |
| Market P/E (x) | 12.1 |
| Market Cap. (bn VND) | 69,448 |
| Outstanding Shares (mn) | 1,035 |
| Free Floating Shares (mn) | 34 |
| Free Floating (%) | 3.2 |
| 52-Wk High (VND) | 74,500 |
| 52-Wk Low (VND) | 50,400 |
| 3M Avg. Trading Vol. (mn) | 0.84 |
| 3M Avg. T/O (bn VND) | 56 |
| Beta (12M) | 0.8 |

| | 3M | 6M | 12M |
|---|---|---|---|
| Absolute | 11.1 | 9.2 | 2.0 |
| Rel. to VNINDEX | 7.6 | 8.9 | -9.7 |




## Cay Truong Industrial Park Capitalizes on Opportunities from FDI

Became IDC Investment and Industrial Development Corporation (HoSE: BCM) was established in 1976 and is one of the leading industrial park developers in Vietnam. Becamex is a prestigious brand with experience in developing industrial parks in Binh Duong province. During its operation, Becamex has attracted more than 500 enterprises from 30 different countries. Becamex currently owns 6 industrial parks with an area of over 4,000 hectares. In addition, BCM also participates in a joint venture with a Singaporean enterprise to develop the VSIP industrial park (BCM owns 49%). VSIP is the leading developer of industrial parks and integrated urban areas in Vietnam, including 12 projects nationwide with a total area of over 10,000 hectares. A

At the end of 9M2024, BCM recorded revenue of VND 3,195 billion (+6% YoY) and profit after tax of VND 769 billion, 1.9 times higher than the same period. The gross profit margin significantly increased, increasing from 57.3% in 9M2023 to 64.2% in 9M2024.

We estimate that 2024 revenue will reach VND 6,540 billion (-17% YoY), and profit after tax will reach VND 1,693 billion (-30% YoY), mainly contributed by the industrial real estate segment. BCM's revenue and profit will decrease slightly compared to the previous year due to not recording the transfer of the Capital Land project as of 2023. With the expectation that FDI capital inflows will continue to grow positively and the real estate market will recover in 2024, we anticipate the situation will remain stable. BCM currently has 942 hectares of land available for lease. The Cay Truong Industrial Park project (with a total commercial land area of 490 hectares) has been approved by Binh Duong province for a ½,000-scale construction zoning plan. This project is expected to begin generating revenue in 2024.

Risks:

(1) Declining demand for industrial park real estate;

(2) High debt/equity ratio;

(3) Slow progress in implementing industrial park projects.

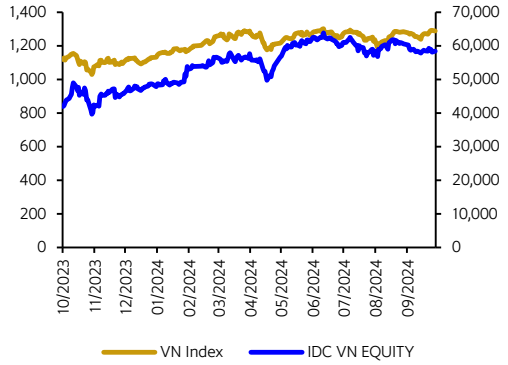
| FY | 2021 | 2022 | 2023 | 2024F | 2025F |
|---|---|---|---|---|---|
| Revenue (bn VND) | 6,982 | 6,506 | 7,883 | 6,540 | 7,848 |
| OP (bn VND) | 2,002 | 1,437 | 2,783 | 2,293 | 2,752 |
| OP margin (%) | 28.7 | 22.1 | 35.3 | 35.1 | 35.1 |
| NPATMI (bn VND) | 1,451 | 1,685 | 2,423 | 1,693 | 2,034 |
| NP margin (%) | 20.8 | 25.9 | 30.7 | 25.9 | 25.9 |
| EPS (VND) | 1,232 | 1,482 | 2,341 | 1,636 | 1,965 |
| ROE (%) | 8.1 | 9.3 | 12.2 | 9.0 | 10.3 |
| P/E (x) | 51.9 | 54.4 | 29.5 | 42.6 | 35.5 |
| P/B (x) | 4.1 | 4.9 | 3.6 | 3.5 | 3.3 |

Source: Bloomberg, Shinhan Securities, Data as of 31/10/2024

# IDICO Corporation - (IDC VN)

| TARGET PRICE (VND) | |
|---|---|
| 64,800 | |
| CURRENT PRICE (VND) | UP/DOWNSIDE |
| 56,000 | 16% |
| VNINDEX | 1,264 |
| Market P/E (x) | 12.1 |
| Market Cap. (bn VND) | 18,480 |
| Outstanding Shares (mn) | 330 |
| Free Floating Shares (mn) | 210 |
| Free Floating (%) | 63.7 |
| 52-Wk High (VND) | 66,000 |
| 52-Wk Low (VND) | 39,000 |
| 3M Avg. Trading Vol. (mn) | 1.37 |
| Market Cap. (bn VND) | 66 |
| Beta (12M) | 1.3 |

| | 3M | 6M | 12M |
|---|---|---|---|
| Absolute | -2.2 | -1.0 | 26.1 |
| Rel. to VNINDEX | -5.7 | -1.4 | 14.5 |




## Take advantage of Phu My II Industrial Park and Huu Thanh Industrial Park

IDICO Corporation (HoSE: IDC) was established in 2000, formerly known as Vietnam Urban and Industrial Zone Development Investment Corporation. IDC operates mainly in the industrial park sector (accounting for 44%), the electricity business sector (accounting for 38%), and the BOT toll collection sector (accounting for 5%). IDC is investing and managing 10 industrial parks in Vietnam with a total area of nearly 3,267 hectares. IDC owns 7 industrial parks in the South, and 3 industrial parks in the North spanning the provinces of Dong Nai, Ba Ria-Vung Tau, Long An, Vinh Phuc, Bac Ninh, and Thai Binh. Regarding the electricity sector, IDC owns 2 hydropower plants with a total capacity of up to 114 MW, and a system of 2 transformer stations contributing over 80% of the total electricity revenue at IDC, creating a stable source of revenue for IDC.

By the end of 9M2024, IDC reported net revenue of VND 6,891 billion (+38% YoY), with industrial revenue contributing VND 2,764 billion (+62% YoY). The company's profit after tax amounted to VND 1,955 billion (+89% YoY).

We estimate that IDC will lease approximately 150 hectares of industrial park land in 2024, while the power segment is expected to grow modestly by around 10%, supported by the shift toward La Niña weather conditions, which are favorable for hydropower. For 2024, we project revenue to reach VND 8,803 billion (+22% YoY), and profit after tax is anticipated to rise to VND 2,067 billion (+48% YoY). With the prospect of boosting public investment, Vietnam is expected to continue to attract FDI capital and enterprises investing in Vietnam. IDC currently owns 677 hectares of land available for lease, mainly concentrated in Ba Ria - Vung Tau province (236 hectares in Phu My II Industrial Park and expanded Industrial Park) and Long An province (294 hectares in Huu Thanh Industrial Park). In addition, IDC also plans to invest in Tan Phuoc 1 Industrial Park (470 hectares) and is expected to lease in 2024.

Risks:

(1) Declining demand for industrial park real estate;

(2) Weakening FDI inflows;

(3) Slow progress in implementing industrial park projects.

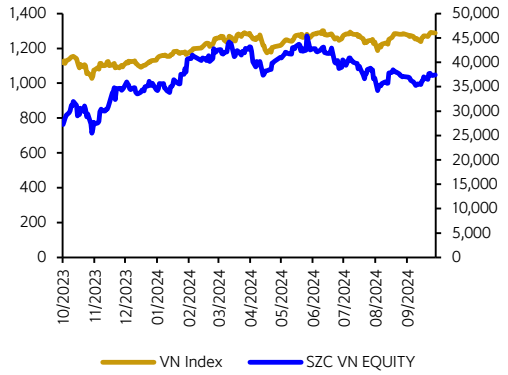
| FY | 2021 | 2022 | 2023 | 2024F | 2025F |
|---|---|---|---|---|---|
| Revenue (bn VND) | 4,301 | 7,485 | 7,237 | 8,803 | 8,363 |
| OP (bn VND) | 477 | 2,726 | 2,060 | 3,016 | 2,782 |
| OP margin (%) | 11.1 | 36.4 | 28.5 | 34.3 | 33.3 |
| NPATMI (bn VND) | 454 | 1,768 | 1,393 | 2,067 | 1,899 |
| NP margin (%) | 10.6 | 23.6 | 19.2 | 23.5 | 22.7 |
| EPS (VND) | 1,376 | 5,356 | 4,221 | 6,263 | 5,756 |
| ROE (%) | 11.2 | 40 | 28.1 | 36.3 | 28.9 |
| P/E (x) | 48 | 5.9 | 12.3 | 9.2 | 10.0 |
| P/B (x) | 5.6 | 2.1 | 3.5 | 2.6 | 2.3 |

Source: Bloomberg, Shinhan Securities, Data as of 31/10/2024

# SONADEZI Chau Duc Shareholding Company - (SZC VN)

| TARGET PRICE (VND) | |
|---|---|
| 43,500 | |
| CURRENT PRICE (VND) | UP/DOWNSIDE |
| 38,950 | 12% |
| VNINDEX | 1,264 |
| Market P/E (x) | 12.1 |
| Market Cap. (bn VND) | 7,010 |
| Outstanding Shares (mn) | 180 |
| Free Floating Shares (mn) | 109 |
| Free Floating (%) | 60.8 |
| 52-Wk High (VND) | 46,500 |
| 52-Wk Low (VND) | 25,040 |
| 3M Avg. Trading Vol. (mn) | 1.33 |
| Market Cap. (bn VND) | 38 |
| Beta (12M) | 1.3 |

| | 3M | 6M | 12M |
|---|---|---|---|
| Absolute | -3.5 | -15.0 | 28.9 |
| Rel. to VNINDEX | -7.0 | -15.4 | 17.2 |




## Benefit from FDI capital flow with Chau Duc Industrial Park

Sonadezi Chau Duc Joint Stock Company (HoSE: SZC) was established on June 26, 2007, SZC operates mainly in the field of industrial park land leasing, real estate business, and investment in BOT projects. SZC's industrial park real estate segment accounts for more than 80% of the total revenue structure. SZC owns a large land area of up to 2,287 hectares in Chau Duc district, Ba Ria Vung Tau province, of which industrial park land accounts for 1,556 hectares, the rest is mainly for urban areas and golf courses.

SZC's 9M2024 revenue results reached VND 641 billion (+15% YoY), with after-tax profit amounting to VND 227 billion (+39% YoY). Of this, revenue from the industrial park segment accounted for 89% (+23% YoY). Gross profit margin increased from 46% in 9M2023 to 52% in 9M2024.

SZC has a land reserve of up to 300 hectares available for lease, out of the remaining 560 hectares of industrial park land in Chau Duc Industrial Park, providing a strong foundation for sustained growth. Chau Duc Industrial Park is strategically located near Cai Mep International Port, enhancing its appeal to potential investors. Additionally, the rental price in Chau Duc Industrial Park is expected to increase by approximately +10% YoY, driven by the investments in the Bien Hoa - Vung Tau Expressway.

We expect SZC's 2024 revenue to reach VND 1,063 billion (+30% YoY), and after-tax profit is expected to reach VND 277 billion (+26% YoY). SZC is expected to hand over 125 hectares in 2024 (of which 100 hectares of industrial park land is contributed by Chau Duc Industrial Park and 25 hectares of urban land is contributed by Huu Phuoc Residential Area).

Risks:

(1) Declining demand for industrial park real estate;

(2) Weakening FDI inflows;

(3) Legal issues and compensation costs for Chau Duc Industrial Park;

(3) Slow progress in implementing industrial park projects.

| FY | 2021 | 2022 | 2023 | 2024F | 2025F |
|---|---|---|---|---|---|
| Revenue (bn VND) | 713 | 859 | 818 | 1,063 | 1,276 |
| OP (bn VND) | 386 | 260 | 295 | 369 | 440 |
| OP margin (%) | 54.2 | 30.2 | 36.1 | 34.7 | 34.5 |
| NPATMI (bn VND) | 324 | 197 | 219 | 277 | 332 |
| NP margin (%) | 45.4 | 23.0 | 26.8 | 26.1 | 26.0 |
| EPS (VND) | 2,395 | 1,458 | 1,331 | 2,312 | 2,765 |
| ROE (%) | 21.1 | 11.7 | 11.9 | 15.3 | 16.6 |
| P/E (x) | 23.7 | 15.0 | 27.5 | 18.6 | 15.6 |
| P/B (x) | 4.6 | 1.7 | 3.1 | 2.7 | 2.4 |

Source: Bloomberg, Shinhan Securities, Data as of 31/10/2024

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## Stock

- **BUY:** Expected 12-month gain of 15% or more
- **HOLD:** Expected 12-month loss of 15% to gain of 15%
- **SELL:** Expected 12-month loss of 15% or more

## Sector

- **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY
- **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD
- **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL



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