Shinhan Securities



SONADEZI Chau Duc Shareholding Company

[Vietnam / Industrial real estate]

Bloomberg Code (SZC VN) | Reuters Code (SZC.HM)

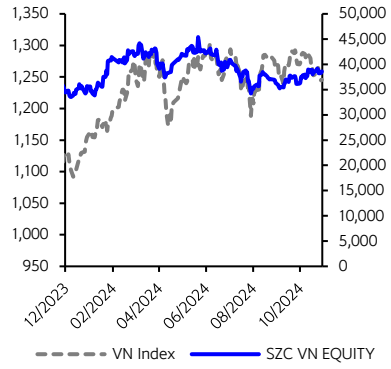
BUY

Initiation Coverage

Target price (12 months)	**49,800 VND**
Current price (28/11/24)	40,450 VND
Upside/downside (%)	23%

VNINDEX	1,242
HNXINDEX	223
Market Cap (bn VND)	7,280
Outstanding shares (mn)	180
Free-Floating (mn)	109
52-Wk High/Low (VND)	46,500/27,831
90-day avg trading volume (mn)	1.10
90-day avg turnover (bn VND)	42
Major shareholders (%)	Industrial Park Development Corporation 46.84%
	Sonadezi Long Thanh JSC 10.08%

Performance	3T	6T	12T
Absolute (%)	10.4	-7.3	36.3
Relative to VN-Index (%)	7.5	-7.7	22.0



Source: Bloomberg

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Please click or scan

Large land fund attracting FDI flow

Initiate coverage with BUY call and target price of VND 49,800

Sonadezi Chau Duc Joint Stock Company (SZC) is a key player in developing industrial parks and real estate in Chau Duc district, Ba Ria - Vung Tau province. SZC holds a substantial land reserve, totaling 2,287 hectares, designated for industrial parks, residential areas, and golf courses. Given the robust growth outlook for foreign direct investment (FDI) in Ba Ria - Vung Tau, demand for industrial park leasing is expected to remain strong. Furthermore, 2025 is anticipated to be a pivotal year for SZC, with substantial revenue contributions projected from its urban areas, golf courses, and BOT 768 projects. We initially valued SZC shares at VND 49,800, corresponding to an upside of 23%. We use the RNAV valuation method to value SZC.

Increasing FDI inflows continue to drive demand for industrial park leasing

With over 62% of Sonadezi Chau Duc's industrial park tenants being foreign enterprises, FDI inflows play a vital role in its business. In the 10M2024, disbursed FDI capital accumulated to approximately USD 19.5 billion, marking an 8.8% increase compared to the previous year. Concurrently, registered FDI capital also saw growth, reaching around USD 27.2 billion, a rise of 1.9% year-over-year. Ba Ria - Vung Tau province, in particular, showed impressive growth, with USD 1.706 billion in FDI (+69% YoY), fueled by ongoing infrastructure investments.

Large amount of land available for lease, with steadily rising prices

SZC owns 2,287 hectares of land in Chau Duc district, including 1,556 hectares of industrial land and 689 hectares for residential and golf course use. Benefiting from a strategic location and competitive rental rates, SZC is projected to lease approximately 45 hectares in 2024, with an estimated 40 hectares per year thereafter. Additionally, industrial land rental rates are expected to increase by 5%-8% from 2025 to 2028.

Rising revenue from urban areas, golf courses, and the BOT 768 projects

Revenue from urban areas, golf courses, and the BOT 768 projects is expected to rise due to:

- The Sonadezi Huu Phuoc residential area project has offered 117 shophouses and townhouses for sale, along with registration for 210 social housing units.
- The Golf Project was completed in November 2023 and is now fully operational.
- The BOT 768 Project will resume fee collection in 2025 after the installation of an ETC system.

Risks: (1) Risk of weakening FDI capital flows; (2) Risk of real estate market decline; (3) Risk of slow project implementation; (4) Legal risks.

Year to Dec.	2023	2024F	2025F	2026F	2027F
Revenue (bn VND)	**818**	**1,020**	**1,210**	**1,306**	**1,372**
OP (bn VND)	295	407	521	556	563
NP (bn VND)	**219**	**318**	**408**	**433**	**436**
EPS (VND)	1,621	1,765	2,268	2,408	2,422
BPS (VND)	12,867	14,251	16,019	17,927	19,849
OPM (%)	36.10	39.90	43.05	42.55	41.01
NPM (%)	26.76	31.16	33.75	33.19	31.77
ROE (%)	**12.60**	**12.39**	**14.16**	**13.43**	**12.20**
PER (x)	22.04	23.08	17.96	16.93	16.83
PBR (x)	3.08	2.86	2.54	2.27	2.05
EV/EBITDA (x)	8.68	11.28	8.90	7.77	7.41

Source: Company data, Shinhan Securities Vietnam

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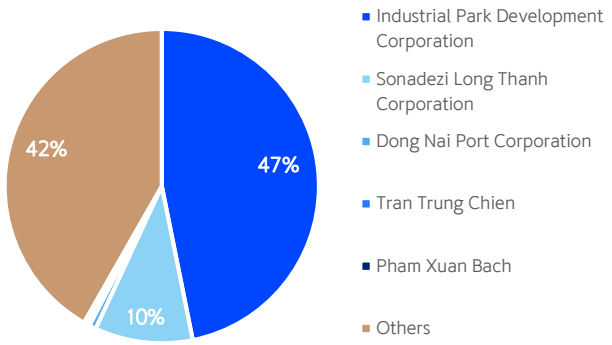
Company background

Company history

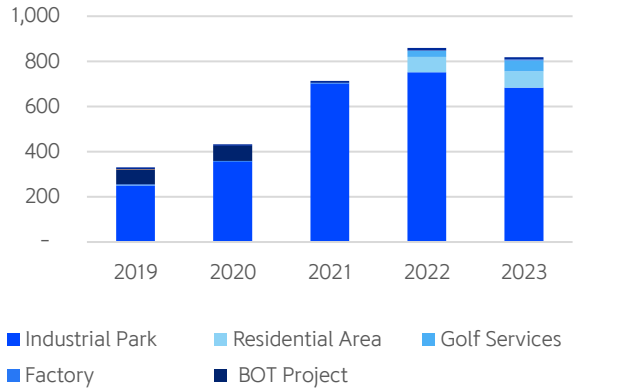
Sonadezi Chau Duc Joint Stock Company (HoSE: SZC), established in 2007 and listed on the Ho Chi Minh City Stock Exchange in late 2018, is a key player in Vietnam's industrial real estate investment and development sector.

Headquartered in Chau Duc Industrial Park, SZC manages a 2,287-hectare estate in Ba Ria - Vung Tau province, comprising an integrated industrial, urban, and golf course complex. The company also operates the BOT 768 project, which provides a consistent revenue stream.

Shareholder structure of SZC Q3/2024



SZC's revenue structure from 2019 - 2023 (billion VND)

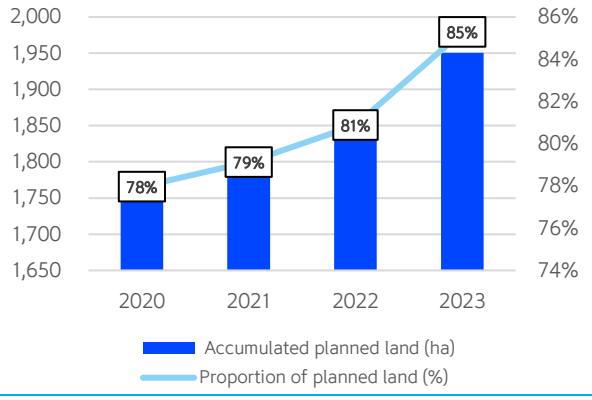


Source: Company report, Shinhan Securities Vietnam

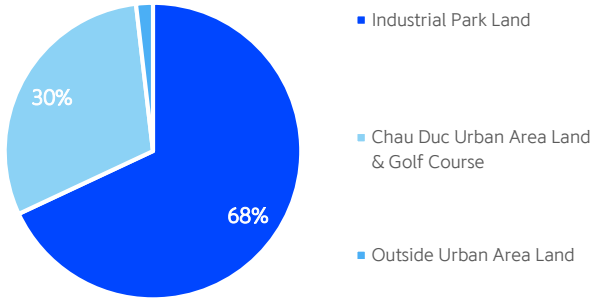
SZC is primarily owned by the Industrial Park Development Corporation, under the Dong Nai Provincial People's Committee, holding a 47% stake.

The company's revenue is largely derived from long-term leases of industrial and residential land, which comprise 92% of its revenue structure. Additionally, SZC generates income from ready-built factory leasing services, a golf course, and the BOT 768 road project.

Industrial park land reserve accumulated by SZC for development from 2020 to 2023



SZC's land fund structure (ha)

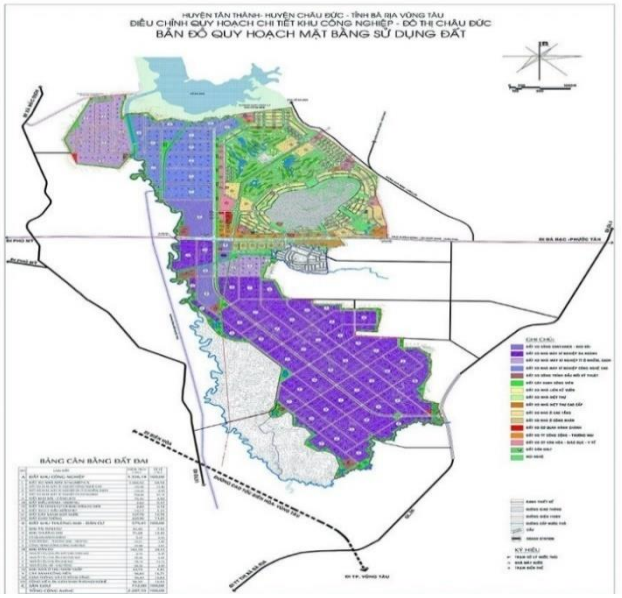


Source: Company report, Shinhan Securities Vietnam

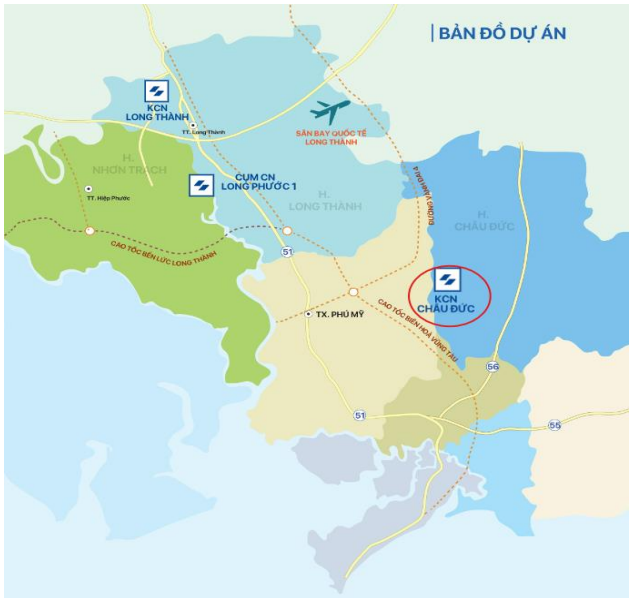
SZC holds 2,287 ha of industrial land in Chau Duc district, with 1,556 ha allocated for residential purposes and 689 ha for a combination of residential and golf course land. As of now, SZC has planned 1,951 ha, representing 85% of the allocated land area. To maximize its leasable land fund, SZC has consistently advanced site clearance and infrastructure development initiatives over the years. Besides, Chau Duc Industrial Park still maintains its attractiveness to businesses by maintaining an occupancy rate of over 60% of the total planned area over the years.

Chau Duc Industrial Park

Chau Duc Industrial Park planned map



Geographical location of Chau Duc Industrial Park



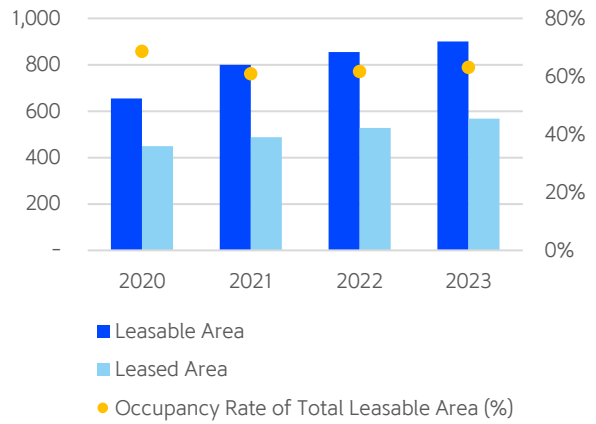
Source: Company report, Shinhan Securities Vietnam

Chau Duc Industrial Park spans 1,556 ha, strategically positioned for optimal connectivity to the city's key transportation networks:

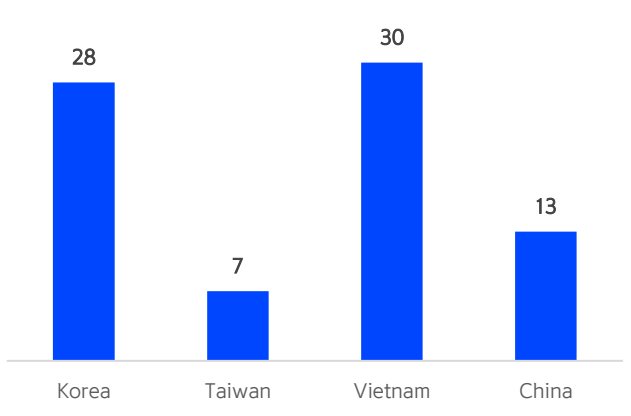
- 9 km from National Highway 51
- 0.5 km from the Bien Hoa – Vung Tau Expressway
- 22 km from the Ben Luc – Long Thanh Expressway
- 34 km from Long Thanh International Airport (projected to open in 2025)
- 12 km from the Cai Mep – Thi Vai International Port Cluster

The proximity to Cai Mep International Port, through which 90% of international goods are shipped, significantly enhances Chau Duc Industrial Park's appeal to foreign enterprises. The development of major infrastructure projects, such as the Bien Hoa – Vung Tau Expressway, the Ben Luc – Long Thanh Expressway, and Long Thanh International Airport, further strengthens the park's potential to attract FDI enterprises.

Area and occupancy rate in Chau Duc Industrial Park (ha)



Number of enterprises leasing land from Sonadezi Chau Duc JSC



Source: Company report, Shinhan Securities Vietnam

Chau Duc Industrial Park continues to attract land-leasing enterprises, with annual leased areas ranging from 45 to 50 ha from 2020 to 2023. The park maintains a high occupancy rate, exceeding 60% of its planned area. Notably, foreign enterprises from South Korea, Taiwan, and China represent the majority of its customer base, making up 62% of SZC's tenant portfolio.

Chau Duc Urban Area Land & Golf Course

Situated within the Chau Duc Industrial and Urban Area, the Chau Duc Urban Area & Golf Course spans 689 ha, allocated across distinct sections: Chau Duc Urban Area (498 ha), Sonadezi Huu Phuoc Residential Area (40 ha), and the Chau Duc Golf Course (152 ha).

The Chau Duc Urban Area involves a total investment of VND 8,117 billion, with its implementation divided into six phases over 10 years from 2022 to 2032. Currently, the project is undergoing investment policy adjustments and executing urban infrastructure investment packages. Additionally, housing initiatives like the Golf Villa Investment and Business Project and the Type 2 Villa Investment and Business Project are in the construction drawing design phase.

Detailed planning map of Sonadezi Huu Phuoc Residential Area



Shophouse Project Sonadezi Huu Phuoc Residential Area



Source: Company report, Shinhan Securities Vietnam

Sonadezi Huu Phuoc Residential Area has a total investment of 652 billion VND with the project implementation period in the period of 2020 - 2023 (phase 1: 25ha 2020 - 2022; phase 2: 16ha 2022 - 2024). Sonadezi Huu Phuoc Residential Area projects include 153 Shophouses (phase 1: 94 units, phase 2: 64 units), 126 Townhouses (phase 1: 72 units, phase 2: 54 units) and 210 social housing units. Phase 1 of the shophouse and townhouse projects completed sales during 2021–2022, with phase 2 sales commencing in 2024. The social housing project began construction in Q3/2024, with sales anticipated to launch in 2025.

Chau Duc Golf Course Project



Source: Company report, Shinhan Securities Vietnam

The Chau Duc Golf Course, spanning 152 ha, completed construction and officially opened in November 2023. This 36-hole course includes an 18-hole Resort course and an 18-hole Tournament course, designed to meet PGA international competition standards, with a total investment exceeding VND 1,800 billion. In 2024, the golf course attracted over 42,000 visitors from Ho Chi Minh City, Binh Duong, Dong Nai, Ba Ria - Vung Tau, and other provinces. Visitor numbers are growing steadily, with an average monthly increase of 15-20%.

Other projects

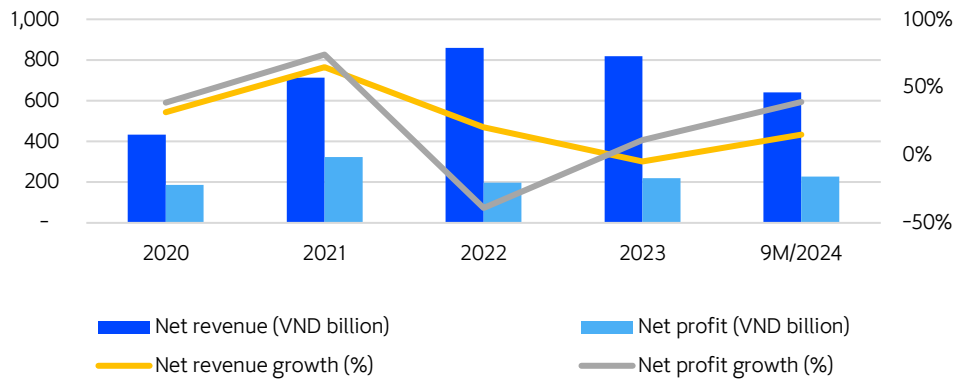
The BOT Project 768 spanning over 48 km, connects Bien Hoa City with Vinh Cuu District (Dong Nai) and Binh Duong Province, originally involving six routes with a total investment of over 534 billion VND, excluding site clearance costs. Toll collection began in November 2010, initially planned for a 30-year capital recovery period plus an additional five years for profit generation. Tolling was temporarily suspended on January 1, 2021, to implement a Government-mandated non-stop toll collection system (ETC). By November 2024, the Dong Nai Provincial People's Committee approved adjustments to the project, reducing its scope to three routes with a total length of nearly 24 km and lowering the investment to 425 billion VND. Consequently, the toll collection period was reduced from 35 years to approximately 24 years, with a remaining toll collection period of around 9 years and 3 months. Toll collection is scheduled to resume on December 1, 2024, to facilitate capital recovery for investors.

Factory for lease: SZC continues to maintain the lease of about 5,600 m² of factory space, with a rental rate of VND 80,500/m²/month, providing a stable income stream for the business.

Update business results

The 9M/2024 business results show positive growth, driven by strong performance in the IP segment

Revenue and profit of Sonadezi Chau Duc Joint Stock Company 2020 - 9M/2024 (billion VND)



Source: Company report, Shinhan Securities Vietnam

In 9M2024, SZC reported net revenue of VND 641 billion, marking a 15% increase year-over-year (YoY), and an after-tax profit of VND 227 billion, up by 39% YoY. The industrial park segment significantly contributed to these results, accounting for 89% of total revenue, with a YoY growth of 23%. Additionally, the gross profit margin rose from 46% in 9M2023 to 52% in 9M2024. This growth was bolstered by the transfer of contracts signed in 2023, totaling 26.23 ha, into 2024. Furthermore, in May 2024, SZC secured a contract with Electronic Tripod Vietnam Co., Ltd., part of Taiwan's Tripod Technology Group, to develop the Electronic Tripod Vietnam Factory on approximately 18 ha within Chau Duc Industrial Park, with an investment of USD 250 million and an estimated rental rate of USD 95/m².

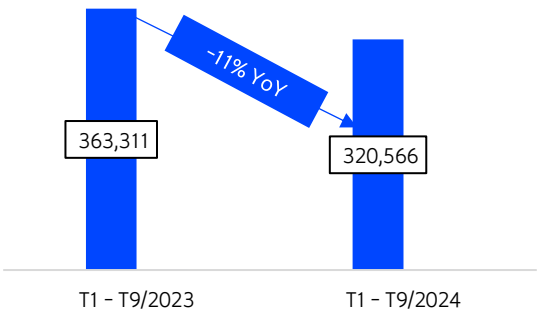
Sonadezi Huu Phuoc Residential Area Project opens for sale phase 2

For the Sonadezi Huu Phuoc Residential Area Project, phase 2 sales began in 2024 following the Ba Ria - Vung Tau Department of Construction's approval in November 2023 for the sale, rental, and hire-purchase of future housing units. The Shophouse project launched with 63 units available for sale at the beginning of 2024, priced from VND 6 billion per unit, with an average land area of 224 m² and construction floor area between 525 - 571 m². By Q3/2024, 30 shophouse units had been sold. In November 2024, the townhouse project entered the market with 54 units priced from VND 3 billion each, featuring an average land area of 175 m² and a construction floor area of approximately 225 m².

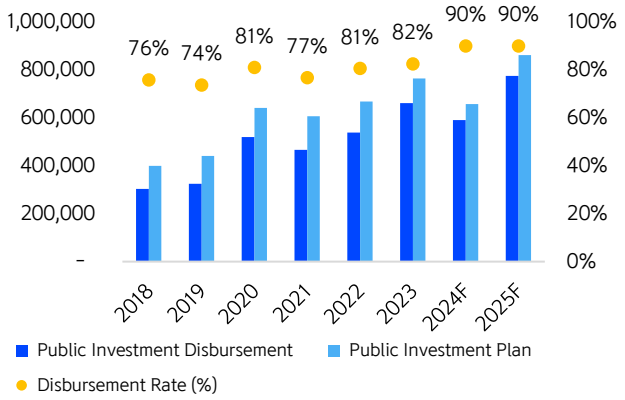
Investment Catalysts & Theses

Boosting public investment attracts foreign investors to Vietnam

Accumulated public investment disbursement 9M/2024 (billion VND)



Public investment disbursement period 2018 - 2025F (billion VND)

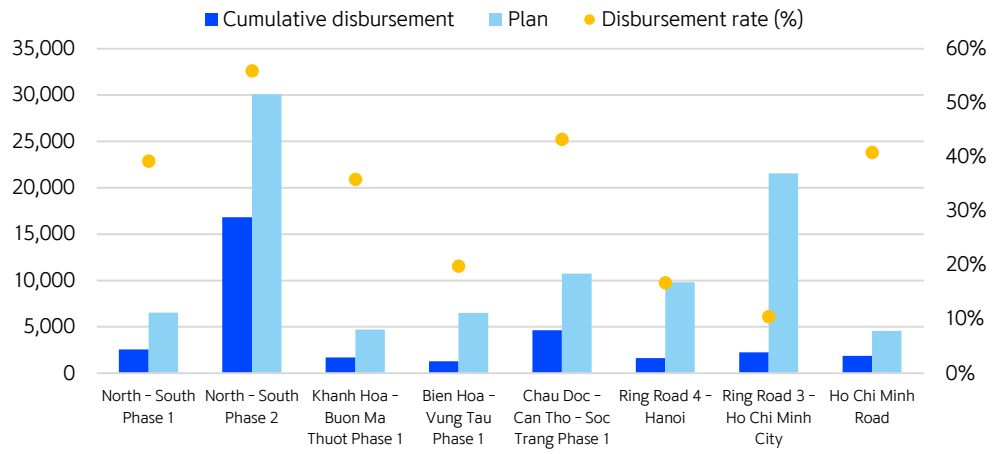


Source: Ministry of Finance, Shinhan Securities Vietnam

According to a report by the Ministry of Finance, public investment disbursement from the start of 2024 to September 30 reached approximately VND 320.6 trillion, marking an 11% year-over-year decline and achieving 47.29% of the target set by the Prime Minister. This 9M2024 disbursement rate is lower than the 51.38% recorded in 9M2023. To expedite public investment disbursement, Prime Minister Pham Minh Chinh issued Official Dispatch No. 115/CD-TTg on November 7, 2024, outlining decisive tasks and solutions for accelerating capital release in the remaining months of 2024.

For 2024, the public investment plan, based on Decision No. 1603/QD-TTg, is set at VND 657.3 trillion, down by 14% compared to 2023, with an expected 95% disbursement rate. Under Resolution No. 29/2021/QH15, the total plan for 2021-2025 is VND 2,870 trillion, suggesting a similar disbursement target for 2025 as in 2024.

Accumulated disbursement up to July 31, 2024 of infrastructure projects (billion VND)

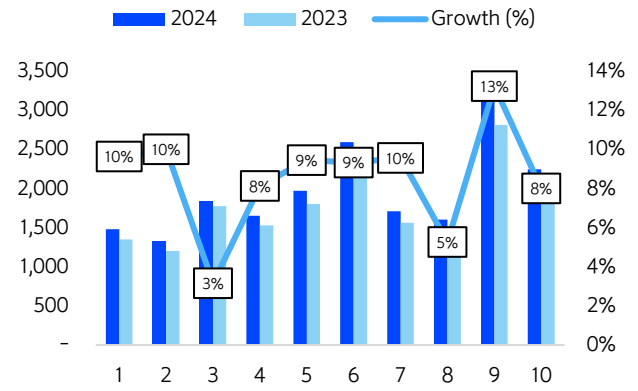


Source: Ministry of Finance, Shinhan Securities Vietnam

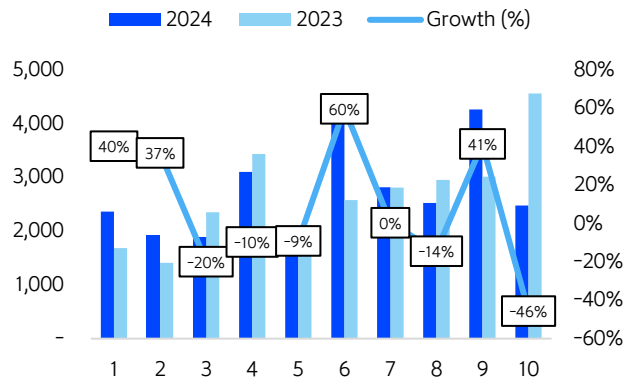
Boosting public investment will support infrastructure project development, which, in turn, is likely to attract foreign enterprises to invest in Vietnam. Given its strategic location near key infrastructure projects under development—such as the Bien Hoa - Vung Tau Expressway, Ho Chi Minh City Ring Road 3, and Long Thanh International Airport—Sonadezi Chau Duc JSC is expected to increase industrial park land rental prices and attract more investors as these infrastructure projects advance.

Increasing FDI inflows continue to drive demand for industrial park leasing

FDI capital disbursed in 10 months of 2023 and 2024 (million USD)



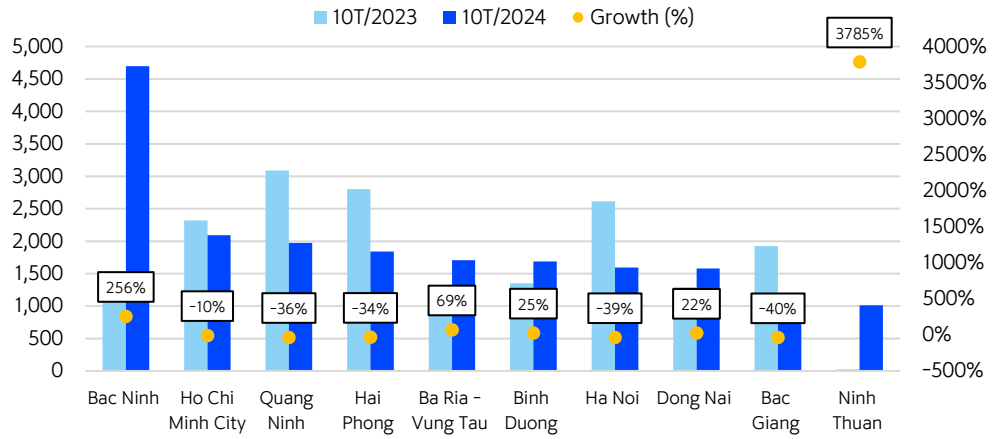
Registered FDI capital in 10 months of 2023 and 2024 (million USD)



Source: Company report, Shinhan Securities Vietnam

FDI capital inflows play a vital role for SZC, as foreign enterprises account for 62% of its industrial park occupancy. During the first 10 months of 2024, total disbursed FDI reached approximately USD 19.5 billion, reflecting an 8.8% increase year-over-year. Additionally, the cumulative registered FDI grew to around USD 27.2 billion, marking a 1.9% rise over the same period last year.

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

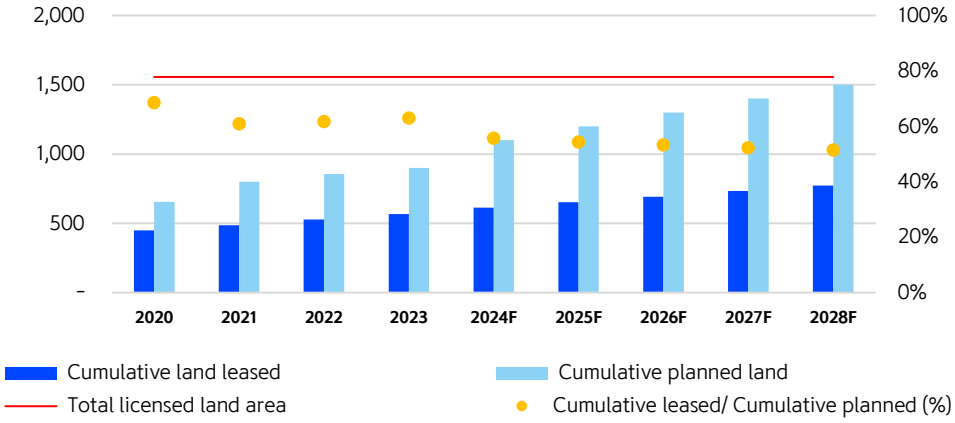


Source: Fiinpro, Shinhan Securities Vietnam

With the international advantage of Cai Mep - Thi Vai, one of the largest international deep-sea ports in the country, Ba Ria - Vung Tau province continues to attract FDI enterprises. In the first 10 months of 2024, Ba Ria - Vung Tau province reached 1,706 million USD (+69% YoY). With foreign enterprises accounting for more than 60% of tenants at Chau Duc Industrial Park, the strong increase in FDI capital in Ba Ria-Vung Tau province has increased land rental demand.

Long-term exploitation potential with large industrial park land fund

Land fund of Sonadezi Chau Duc Joint Stock Industrial Park (ha)



Source: Company report, Shinhan Securities Vietnam

With a strategically located and expansive licensed area of 1,556 ha, Sonadezi Chau Duc JSC holds substantial potential for long-term growth in the industrial park sector. Projections indicate that the company's total leased area could reach approximately 45 ha by 2024, driven by previously secured contracts and the ongoing Tripod project. In subsequent years, SZC is anticipated to maintain an annual leasing rate of around 40 ha. Additionally, the lease-to-planned land area ratio is expected to stay above 50%, underscoring SZC's sustained demand and leasing efficiency.

Industrial parks in Ba Ria - Vung Tau province

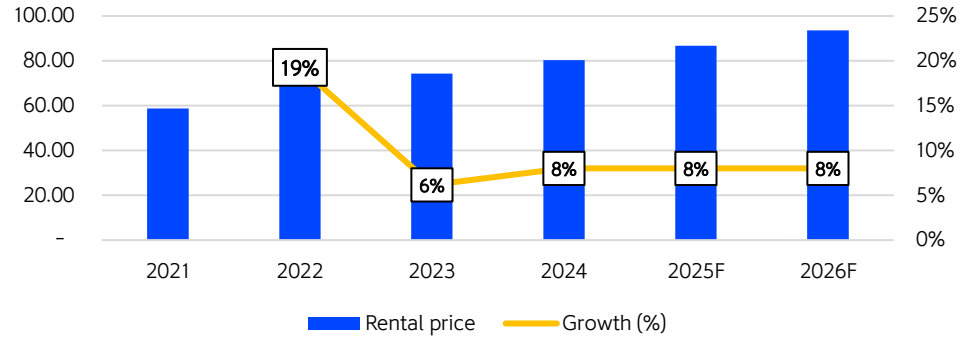
Industrial Park	Industrial Park Area	Rental price (USD/m2/cycle)	Occupancy Rate	Start date	End date	Remaining Years
My Xuan B1 - Dai Duong	105	130	45%	12/2006	12/2056	32
Phu My 2 expansion	251	125	47%	07/2008	07/2058	34
Chau Duc	1,556	80	50%	10/2008	10/2058	34
Phu My 3	803	210	60%	12/2007	12/2077	53
Dat Do 1	377	70	61%	08/2009	08/2059	35
Cai Mep	463	80	70%	05/2002	05/2052	28
My Xuan B1 - Tien Hung	143	110	77%	05/2006	05/2056	32
Phu My 2	425	125	77%	06/2005	06/2055	31
My Xuan A2	327	120	98%	05/2001	05/2051	27
Da Bac	295	30	100%	05/2015	05/2065	41
Phu My 1	695	50	100%	10/1998	10/2048	24
My Xuan B1 - CONAC	160	80	100%	04/1998	10/2062	38
My Xuan A	230	70	100%	07/2002	07/2052	28
Dong Xuyen	129	85	100%	10/1996	10/2046	22

Source: Ba Ria - Vung Tau Industrial Parks Management Board, Shinhan Securities Vietnam

Sonadezi Chau Duc Joint Stock Company (SZC) holds a significant competitive edge in Ba Ria - Vung Tau province's industrial park sector. This advantage stems from its substantial leasable area and competitive rental rates.

Industrial park land rental prices have increased steadily over the years.

Land rental price of Chau Duc Industrial Park from 2021 - 2026F (USD/m2/cycle)

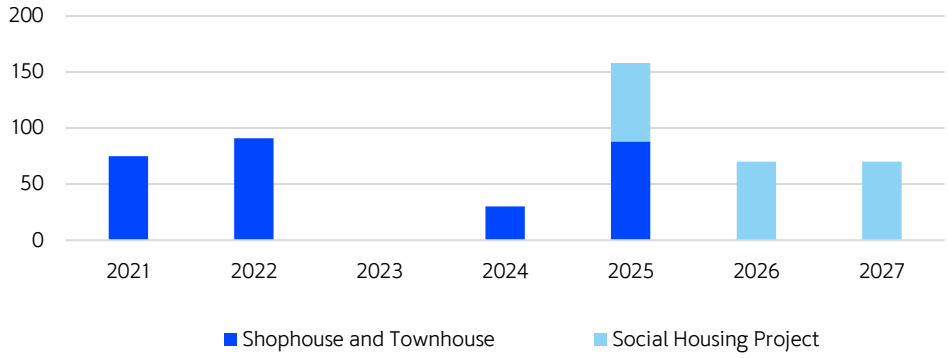


Source: Company report, Shinhan Securities Vietnam

Thanks to its prime location near major infrastructure projects under development—such as the Bien Hoa - Vung Tau expressway and the Long Thanh airport project—combined with the robust FDI growth in Ba Ria - Vung Tau province, SZC's rental prices are anticipated to see steady annual growth. We estimate an increase of approximately 8% per year over 2024–2026, reflecting both rising demand and enhanced regional connectivity.

The Sonadezi Huu Phuoc Residential Area Project generates substantial revenue

Estimated number of units for sale of Sonadezi Huu Phuoc Residential Area project (units)



Source: Company report, Shinhan Securities Vietnam

The Sonadezi Huu Phuoc Residential Area Project includes 117 units, comprising 64 Shophouses and 54 Townhouses. With an estimated selling price of approximately VND 6 billion for Shophouses and VND 3 billion for Townhouses, the second phase of sales for these properties is anticipated to generate significant revenue for Sonadezi Chau Duc in the near future.

In addition, the company has also started construction of the Social Housing (NOXH) project and started reviewing registrations to buy 210 units in the final phase of 2024. Therefore, we expect the NOXH project to start selling in 2025 - 2027.

Gross profit margin of Sonadezi Huu Phuoc Residential Area project is estimated to remain at 70%, mainly contributed by Shophouses and Townhouses.

Increase in Revenue from Golf Course Services

Golf Course Name	Address	Size	Note
Chau Duc Golf Course	Suoi Nghe Commune, Chau Duc District	36 holes (18 holes Golf Resort and 18 holes Golf Tournament)	Designed to international PGA standards, natural undulating hill terrain.
Paradise Vung Tau Golf Course	No. 01 Thuy Van, Nguyen An Ninh Ward, Vung Tau City	27 holes	Designed on gently sloping terrain, near the beach,
The Bluffs Ho Tram Strip Golf Course	Phuoc Thuan Commune, Xuyen Moc District	18 holes	Coastal links, unique natural landscape, ranked in the world's top 100 best golf courses.
Chi Linh Vung Tau Golf Course	Chi Linh Urban Area, Nguyen An Ninh Ward, Vung Tau City	Practice course with 40 practice mats on an area of 2 ha	The first golf course in Vung Tau, suitable for beginners

With the completion and full operational status of Chau Duc Golf Course in November 2023, SZC is positioned to capitalize on this asset more effectively. As one of the four high-standard golf courses in Ba Ria - Vung Tau, a prominent tourist destination in Vietnam, Chau Duc Golf Course is expected to attract significant visitor interest and contribute to the region's tourism appeal. We estimate that Chau Duc Golf Course segment can bring in revenue of VND 50 - 70 billion/year with an average growth rate of about 10%/year.

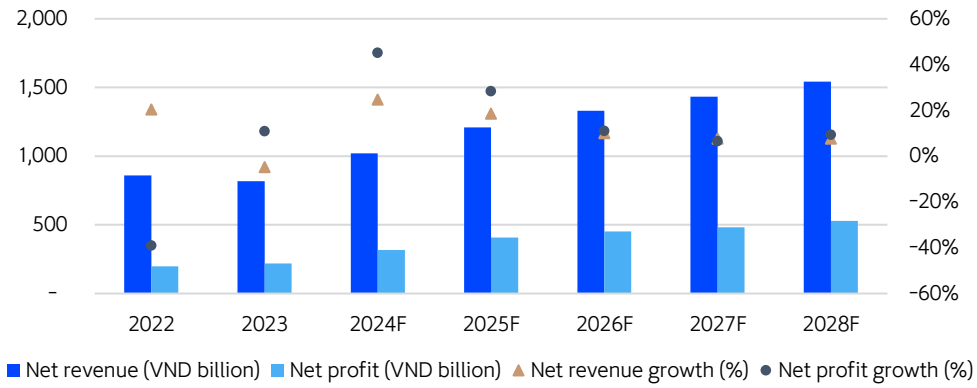
BOT 768 project resumes operation

Following a suspension of toll collection on January 1, 2021, to install the mandated non-stop toll collection system (ETC), SZC plans to resume toll collection in 2025. This reinstatement will enhance SZC's revenue streams, aiding in capital recovery from prior project investments. The resumption is projected to generate additional revenue of VND 70–100 billion per year from BOT projects, strengthening SZC's financial position.

Earnings estimates

Sustainable revenue growth with the contribution of industrial park real estate

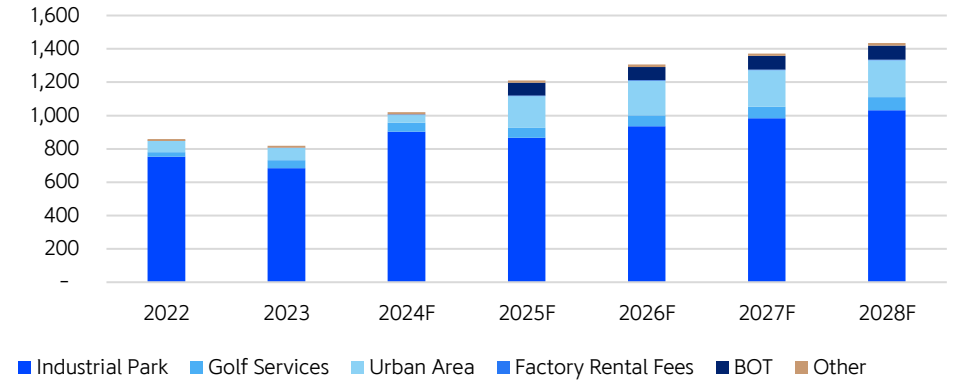
Net revenue and net profit forecast of Sonadezi Chau Duc Joint Stock Company 2022 – 2027F



Source: Company report, Shinhan Securities Vietnam

Sonadezi Chau Duc JSC's net revenue is expected to reach around VND 1,020 billion (+25% YoY) in 2024 and VND 1,209 billion (+19% YoY) in 2025. Profit after tax in 2024 is anticipated to reach VND 318 billion (+45% YoY), with an expected increase to VND 408 billion (+28% YoY) in 2025.

Revenue structure of Sonadezi Chau Duc Joint Stock Company 2022 – 2027F (billion VND)

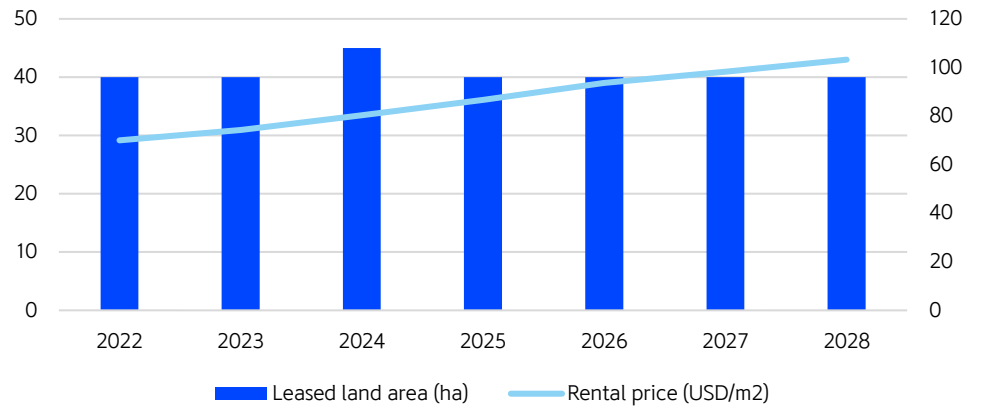


Source: Company report, Shinhan Securities Vietnam

In 2024, SZC's revenue and profit are projected to primarily stem from the industrial park land leasing segment, which is expected to account for 89% of total revenue. In 2025, Sonadezi Chau Duc JSC's business results are anticipated to see substantial growth, driven by revenue from the Sonadezi Huu Phuoc Residential Area project, golf course services, and BOT 768.

Industrial land area for lease remains stable with improved rental prices

Projected industrial park area of Sonadezi Chau Duc JSC 2022 – 2028F

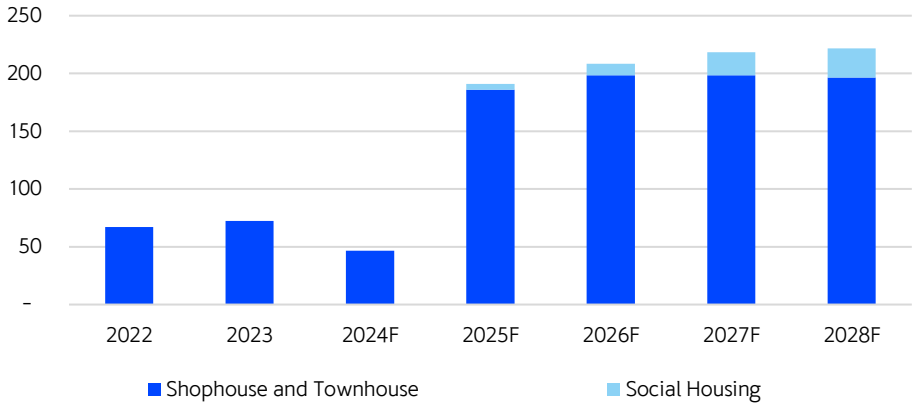


Source: Company report, Shinhan Securities Vietnam

Thanks to a favorable geographical location and the development of numerous infrastructure investment projects, industrial land rental prices are expected to increase by approximately 5% - 8% from 2025 to 2028. We estimate the company will sustain a new rental area of about 40 ha per year during this period.

Urban real estate revenue grows thanks to Sonadezi Huu Phuoc Residential Area project

Projected revenue from the transfer of Sonadezi Huu Phuoc Residential Area project 2022 – 2028F (billion VND)



Source: Company report, Shinhan Securities Vietnam

The urban real estate segment's revenue is anticipated to grow robustly in 2025, driven by continued income from the Phase 1 offering and additional revenue from the Phase 2 launch. Furthermore, the Social Housing Project is expected to contribute to SZC's revenue beginning in 2025.

Valuation and Recommendation

Initial valuation with BUY recommendation, target price VND 49,800

We offer an initial valuation of SONADEZI Chau Duc Shareholding Company (SZC) with a buy recommendation and a target price of VND 49,800, representing a 23% increase from the current price. With a strong outlook from both industrial park and real estate business segments, we expect growth for SZC with the following views:

1) Increasing FDI inflows continue to drive demand for industrial park leasing
2) Large amount of land available for lease, with steadily rising prices
3) Rising revenue from urban areas, golf courses, and the BOT 768 projects

Valuation method

We apply the revalued net asset value (RNAV) method to value SONADEZI Chau Duc Shareholding Company (SZC). Based on the RNAV method, we estimate the value of SZC shares at VND 49,800.

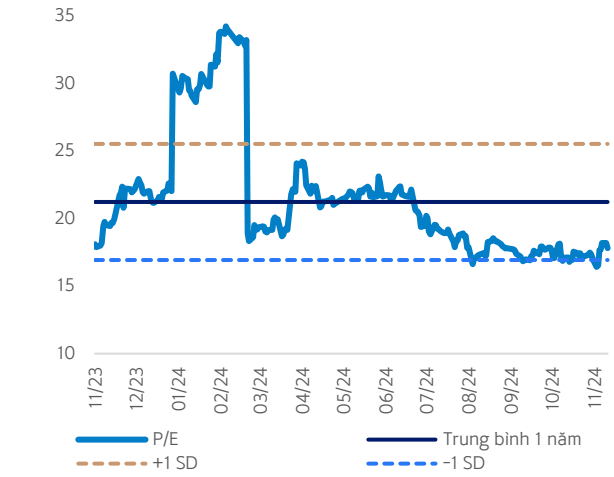
The RNAV method

Project Name	Valuation Method	Value (billion VND)
Chau Duc Industrial Park	DCF	6,411
Chau Duc Urban Area	BV	1,473
Huu Phuoc Urban Area	DCF	480
Golf Course Project	DCF	169
Factory Project	DCF	15
BOT 768 Project	DCF	199
Total		**8,747**
+ Cash and Short-term Investments		1,156
+ Long-term Investments, Fixed Assets		1,455
- Debt		2,387
Equity Value		8,971
Number of Shares		179,985,863
Target Price (VND)		**49,800**
Current Price (VND)		40,450
Upside (%)		**23%**

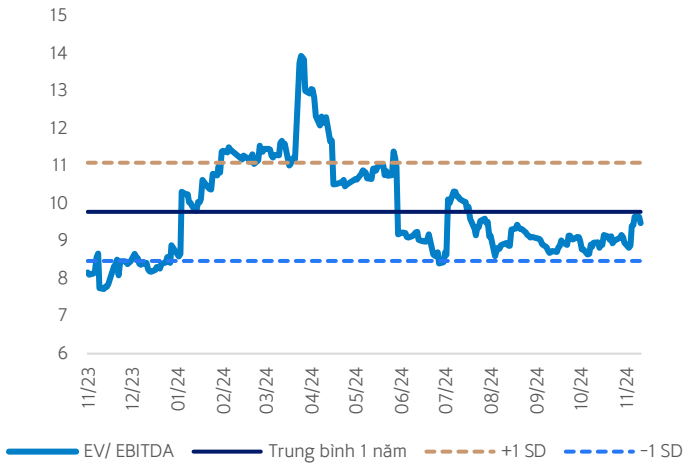
Variable	Value
D/E	0.36
Beta	1.4
Risk-free rate	2.9%
Cost of equity	18.9%
Cost of debt	8.8%
WACC	15.8%

For the Weighted average cost of capital (WACC), we use the 10-year Vietnamese government bond yield at 2.9% as the risk-free rate. Beta is calculated based on historical data of the last 5 years of SZC and VNINDEX.

P/E 1 year

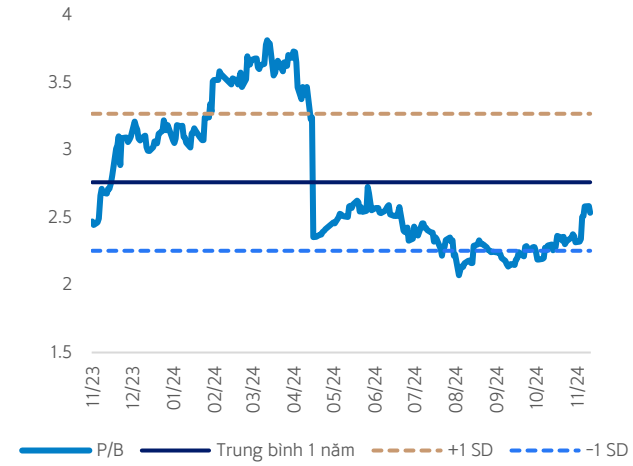


EV/EBITDA 1 year

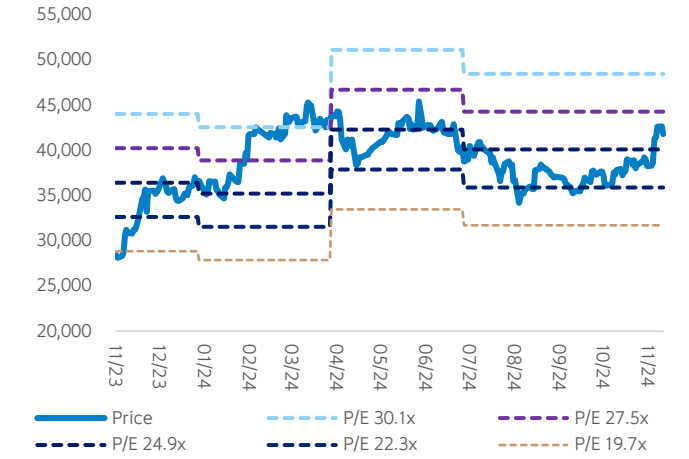


Source: Bloomberg data, Shinhan Securities Vietnam

P/B 1 year

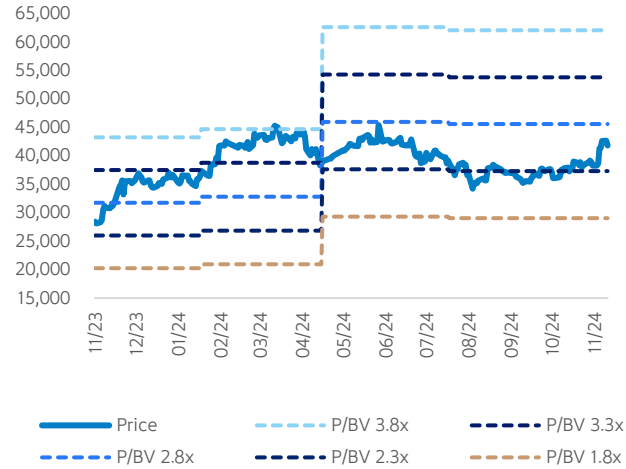


P/CF band



Source: Bloomberg data, Shinhan Securities Vietnam

P/B band

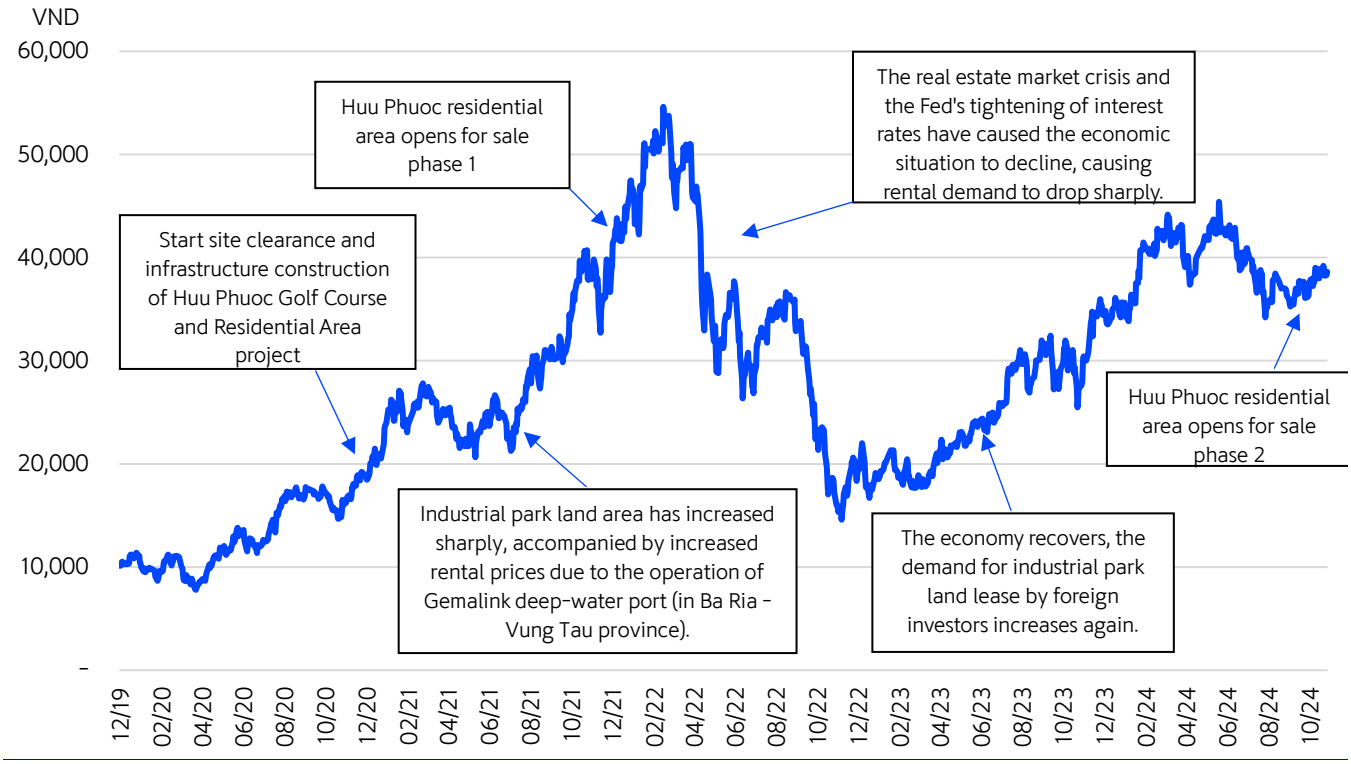


ROE and MA



Source: Bloomberg data, Shinhan Securities Vietnam

Key event chart of SZC



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of weakening FDI inflow

The unstable global economic situation is directly affecting FDI capital inflows into Vietnam. In addition, changes in tax incentive policies of countries, along with the application of the "Global Minimum Tax," are likely to reduce Vietnam's competitiveness in attracting FDI capital.

Risk of real estate market decline

Market conditions in the real estate sector have a direct impact on Sonadezi Chau Duc Joint Stock Company's project sales. Low demand may lead to challenges in project handovers, which, in turn, could negatively influence the company's cash flow and profitability.

Risk of slow project implementation progress

Key factors, including licensing duration, site clearance, and construction progress, have a direct impact on the timing of real estate handovers and revenue recognition for Sonadezi Chau Duc Joint Stock Company (SZC). These elements can significantly influence the profitability of the projects.

Appendix: Financial statements

Statement of financial position

Year to Dec. (bn VND)	2023	2024F	2025F	2026F	2027F
Total assets	**6,961**	**8,493**	**9,442**	**10,488**	**11,478**
Current assets	2,064	2,988	3,503	3,977	4,398
Cash & equivalents	222	859	1,057	1,208	1,284
Short-term financial asset	30	30	30	30	30
Accounts receivable	191	241	322	407	515
Inventories	1,621	1,858	2,095	2,332	2,569
Non-current assets	4,897	5,505	5,939	6,511	7,080
Net fixed assets	791	1,023	1,246	1,607	1,965
Investment assets	-	-	-	-	-
Other long-term assets	4,106	4,482	4,693	4,904	5,115
Total liabilities	**5,224**	**5,928**	**6,559**	**7,261**	**7,906**
Current liabilities	1,789	2,063	2,182	2,302	2,426
Accounts payable	268	317	354	386	418
Short-term borrowings	601	805	865	931	999
Others	920	941	963	985	1,009
Non-current liabilities	3,434	3,865	4,377	4,959	5,480
Long-term borrowings	2,067	2,271	2,513	2,774	2,911
Other financial liabilities	1,368	1,594	1,864	2,186	2,569
Total shareholders' equity	**1,737**	**2,565**	**2,883**	**3,227**	**3,572**
Charter capital	1,200	1,800	1,800	1,800	1,800
Capital surplus	5	5	5	5	5
Retained earnings	404	632	950	1,293	1,639
Other capital	128	128	128	128	128
Non-controlling interest equity	-	-	-	-	-
*Total debt	2,668	3,076	3,378	3,705	3,910
*Net debt (cash)	2,445	2,217	2,321	2,496	2,626

Statement of comprehensive income

Year to Dec. (bn VND)	2023	2024F	2025F	2026F	2027F
Revenue	**818**	**1,020**	**1,210**	**1,306**	**1,372**
Growth (%)	(4.8)	24.7	18.6	7.9	5.1
COGS	**(468)**	**(548)**	**(612)**	**(668)**	**(723)**
Gross profit	**350**	**471**	**597**	**638**	**649**
GPM (%)	42.8	46.2	49.4	48.9	47.3
SG&A	**(55)**	**(65)**	**(77)**	**(83)**	**(87)**
Operating profit	**295**	**407**	**521**	**556**	**563**
Growth (%)	13.8	37.8	28.0	6.7	1.3
OPM (%)	36.1	39.9	43.0	42.5	41.0
Non-operating profit	**(28)**	**(26)**	**(31)**	**(35)**	**(39)**
Financial income	17	17	17	17	17
Financial expense	(46)	(44)	(49)	(54)	(58)
In which: interest expenses	(46)	(44)	(49)	(54)	(58)
Net other non-operating profit	0	1	2	2	2
Pre-tax profit	**267**	**381**	**490**	**520**	**523**
Income tax	(48)	(64)	(82)	(87)	(87)
Net profit	**219**	**318**	**408**	**433**	**436**
Growth (%)	10.9	45.2	28.5	6.1	0.6
NPM (%)	26.8	31.2	33.7	33.2	31.8
Controlling interest	219	318	408	433	436
Non-controlling interest	-	-	-	-	-
EBIT	**313**	**425**	**539**	**574**	**582**
Growth (%)	13.2	36.0	26.8	6.5	1.2
EBIT Margin (%)	38.2	41.7	44.6	44.0	42.4
EBITDA	**650**	**824**	**944**	**990**	**1,011**
Growth (%)	5.9	26.7	14.6	4.9	2.1
EBITDA margin (%)	79.5	80.8	78.1	75.8	73.7

Statement of cash flow

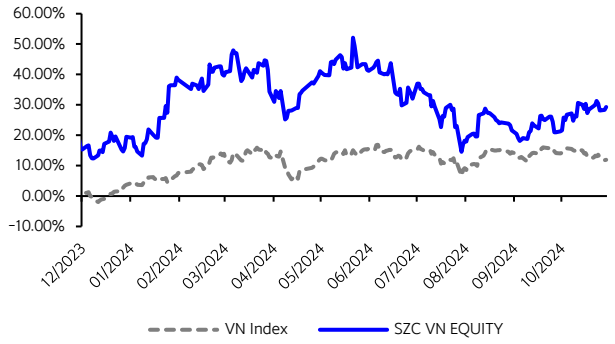
Year to Dec. (bn VND)	2023	2024F	2025F	2026F	2027F
Cash flow from operations	**619**	**725**	**825**	**903**	**959**
Net profit	267	381	490	520	523
Depreciation expense	338	399	405	416	430
(Gain) from investing activities	(17)	-	-	-	-
Interest expense/ income	2	-	-	-	-
Change in working capital	50	46	59	116	175
Others	(21)	(101)	(130)	(150)	(169)
Cash flow from investments	**(689)**	**(1,006)**	**(839)**	**(988)**	**(999)**
Change in fixed assets	(718)	(1,006)	(839)	(988)	(999)
Change in investment assets	2	-	-	-	-
Others	27	-	-	-	-
Cash flow from financing	**27**	**318**	**212**	**236**	**116**
Change in equity	-	-	-	-	-
Net borrowing	32	408	302	326	206
Dividends	(6)	(90)	(90)	(90)	(90)
Change in total cash	**(43)**	**36**	**198**	**151**	**76**
Beginning cash	266	222	859	1,057	1,208
Change in FX rates	0	-	-	-	-
Ending cash	222	259	1,057	1,208	1,284

Key ratios

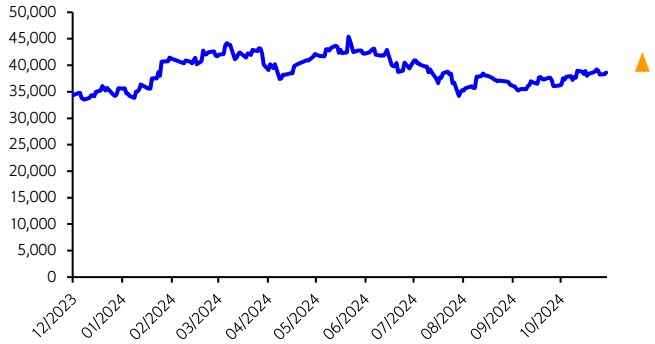
Year to Dec.	2023	2024F	2025F	2026F	2027F
EPS (VND)	1,621	1,765	2,268	2,408	2,422
BPS (VND)	12,867	14,251	16,019	17,927	19,849
DPS (VND)	42	500	500	500	500
PER (x)	22.0	23.1	18.0	16.9	16.8
PBR (x)	3.1	2.9	2.5	2.3	2.1
EV/EBITDA (x)	8.7	11.3	8.9	7.8	7.4
Dividend payout ratio (%)	0.3	3.5	3.1	2.8	2.5
Dividend yield (%)	0.1	1.2	1.2	1.2	1.2
Profitability					
EBITDA margin (%)	79.5	80.8	78.1	75.8	73.7
OPM (%)	36.1	39.9	43.0	42.5	41.0
NPM (%)	26.8	31.2	33.7	33.2	31.8
ROA (%)	3.3	4.1	4.6	4.3	4.0
ROE (%)	13.4	14.8	15.0	14.2	12.8
Stability					
Debt to equity ratio (%)	153.6	119.9	117.2	114.8	109.5
Net debt ratio (%)	376.0	269.0	245.8	252.1	259.7
Cash ratio (%)	12.4	41.6	48.4	52.5	52.9
Interest coverage ratio (x)	6.8	9.7	10.9	10.6	10.0
Activity (%)					
Inventory turnover (days)	661.4	622.7	596.3	618.7	651.8
Accounts receivable turnover (days)	23.8	26.5	29.2	34.8	39.7
Accounts payable turnover (days)	201.5	194.7	199.9	202.3	202.9

SONADEZI Chau Duc Shareholding Company (SZC)

Share price



Target price (VND)



Date	Rating	TP (VND)	TP gap (%)	
			TB	Max/Min
28/11/2024 (Initiate)	BUY	49,800	34	7/79

Note: Calculation of target price gap based on past 12 months

Shinhan Securities Vietnam	
Stock	**Sector**
◆ **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	◆ **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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