Shinhan Securities

Industrial park real estate

Solid foundation



Le Duc Tien
☎(84-28) 6299-8011
✉tien.ld@shinhan.com

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Industrial real estate – Solid foundation

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Industrial real estate businesses experienced growth in 9M2024, driven by rising demand and higher rental prices, benefiting companies with available land reserves for lease.

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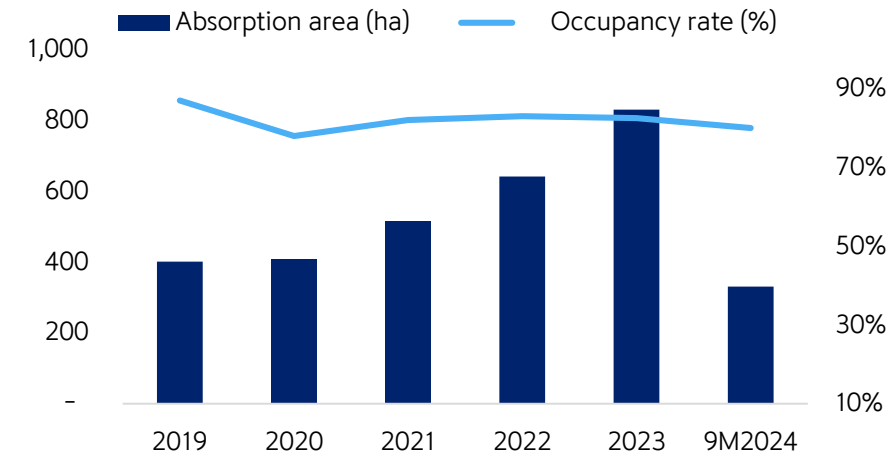
Update on the industrial real estate

Industrial real estate in southern and northern regions maintained strong demand. With high occupancy rates, rental prices experienced steady growth throughout 9M2024.

1. Update on the industrial real estate

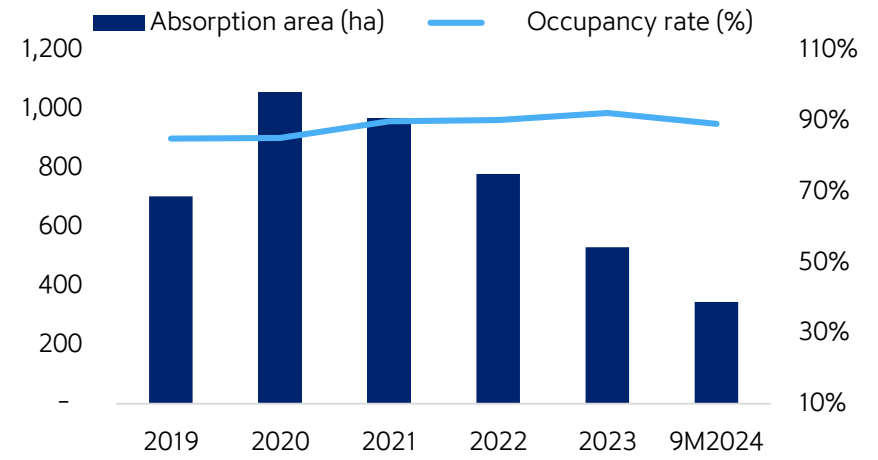
Occupancy rates remain high with rental prices showing a slight increase

Industrial park absorption and occupancy rate from 2019 – 9M2024 in the North



Source: CBRE, Shinhan Securities Vietnam

Industrial park absorption and occupancy rate from 2019 – 9M2024 in the South



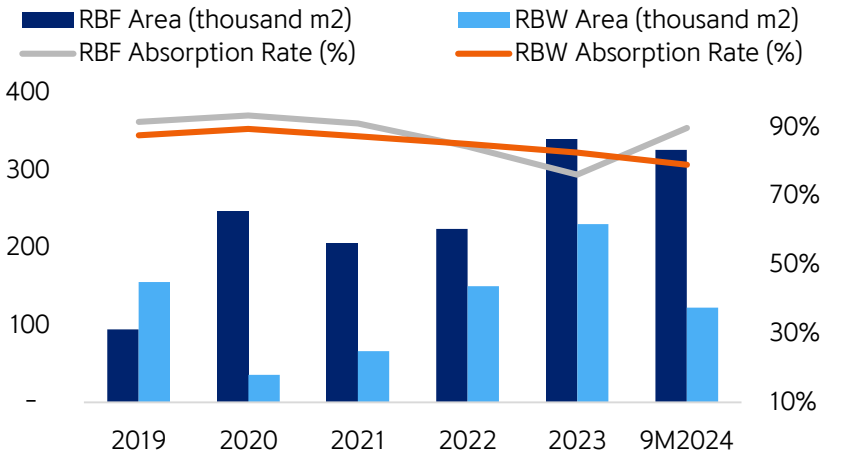
Source: CBRE, Shinhan Securities Vietnam

- In the 9M2024, the Northern region reported an absorption area of 330 ha with an occupancy rate of 80%, while the Southern region saw a slight increase, reaching over 344 ha of absorption area and an occupancy rate of 89%. The average rental price in the Northern region was USD 137/m² per lease cycle (+4.6% YoY), while the Southern region recorded an average rental price of USD 174/m² per lease cycle (+1.0% YoY).
- In the South, land absorption was primarily concentrated in provinces like Long An and Ba Ria – Vung Tau, characterized by abundant industrial park land and competitive pricing, catering to a diverse range of manufacturing industries. Meanwhile, the Northern region attracted electronics and high-tech manufacturing enterprises, with activity concentrated in key cities such as Bac Ninh, Hai Phong, Hung Yen, Hanoi, and Bac Giang.

1. Update on the industrial real estate

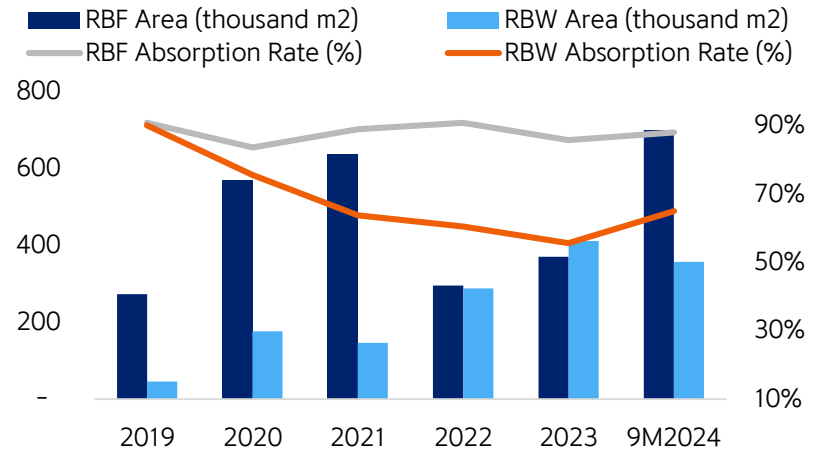
Rental demand for RBW/RBF remains high, and the absorption rate is prospered

Absorption area and Occupancy rate of RBW/RBF from 2019 – 9M2024 in the North



Source: CBRE, Shinhan Securities Vietnam

Absorption area and Occupancy rate of RBW/RBF from 2019 – 9M2024 in the South



Source: CBRE, Shinhan Securities Vietnam

- The Northern region demonstrated improved absorption rates for the 9M2024 compared to the same period in 2023. Ready-built factories (RBF) achieved an absorption rate of 89%, reflecting notable growth, while ready-built warehouses (RBW) reached 79%, marking a decline compared to the previous year. The Southern region's activity remained robust, with increasing absorption rates during 9M2024. RBF posted an absorption rate of 88%, and RBW followed at 65%, benefiting from the expansion of e-commerce businesses and high-tech manufacturing, particularly in electronics.
- Rental prices also showed an upward trend in both regions. In the North, rental prices for RBF and RBW averaged USD 4.87/m² and USD 4.62/m², respectively, while in the South, rates were slightly higher for RBF at USD 4.9/m² and USD 4.5/m² for RBW. This performance highlights the continued demand driven by evolving industrial and technological developments.

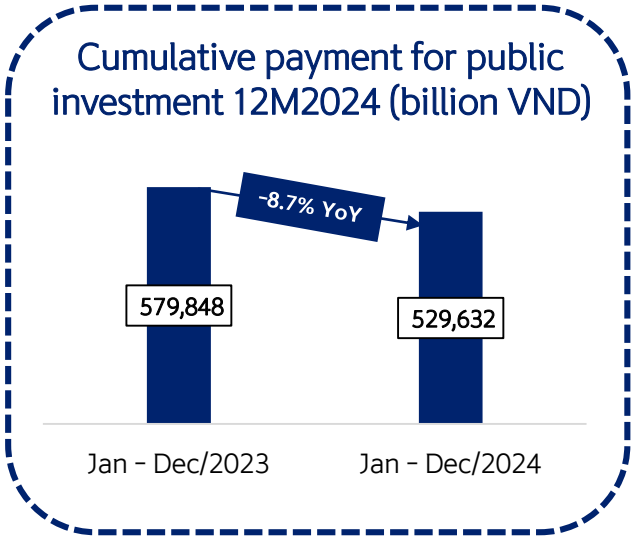
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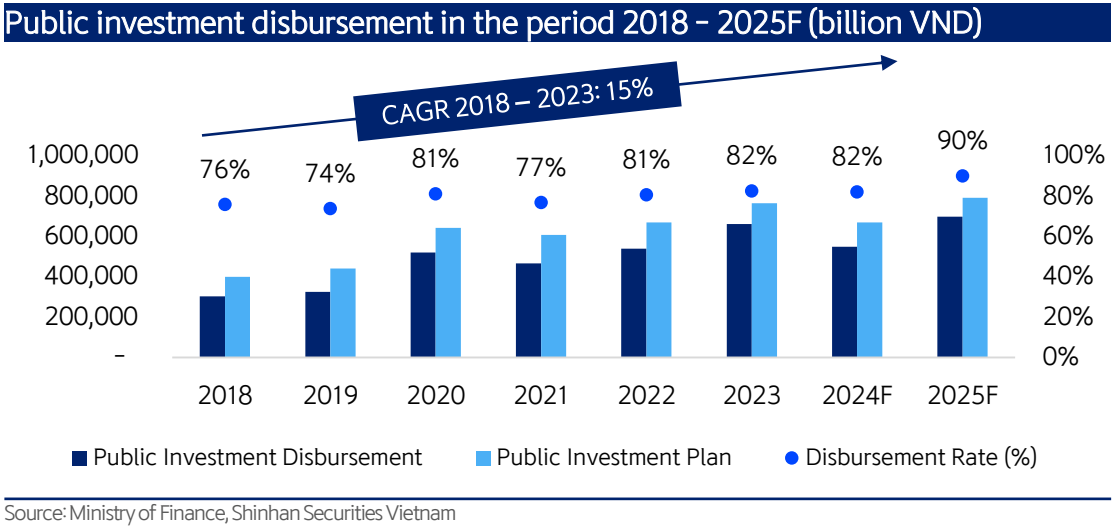
Potential of industrial real estate

Robust infrastructure investment coupled with steadily increasing FDI capital inflows provides a strong foundation for the growth and advancement of industrial park real estate.

2. Potential of industrial real estate

Strong public investment contributes to promoting infrastructure development





Source: Ministry of Finance, Shinhan Securities Vietnam

- The Ministry of Finance reported that as of December 31, 2024, accumulated public investment disbursement was estimated at VND 529,632 billion (-8.7% YoY), achieving 77.55% of the target set by the Prime Minister. The disbursement rate in 12 months of 2024 experienced a decline compared to the same period in 2023, decreasing from 81.87% to 77.55%. To address this slowdown, the Government issued Official Dispatch No. 104/CD-TTg on October 10, 2024, urging expedited disbursement of public investment funds at the end of the year.
- Entering 2025, the Government issued Decision 1508/QĐ-TTg on December 4, 2024, approving the state budget investment plan for the year, which allocates VND 790,727 billion for public investment—a significant increase of approximately VND 120,000 billion compared to the VND 670,000 billion plan for 2024.
- Furthermore, on November 29, 2024, the 15th National Assembly enacted the amended Law on Public Investment. The revised law aims to enhance transparency by clearly defining accountability in using state funds and improving the oversight of capital expenditure. These reforms are anticipated to accelerate the pace of disbursement, helping to meet the targeted disbursement rates more effectively.

2. Potential of industrial real estate

Amended Public Investment Law expected to boost disbursement in 2025

Additional regulations	Contents	Impact Assessment
Changes in decentralization	The decision on investment policy for Group B projects, and Group C* has been assigned to the People's Committees instead of the People's Councils as before.	Increase flexibility in the project approval process, speed up approval progress, and supervise projects plan more closely
Adjustment of the medium-term public investment plan	The Prime Minister is given the right to adjust the medium-term public investment plan of the central budget between agencies and localities, as long as it does not exceed the total capital approved by the National Assembly.	Be more flexible in adjusting and capital sources between ministries, central and local agencies.
20% limit over two medium-term periods	The regulation limiting 20% of the total capital of the medium-term public investment plan for projects lasting over two medium-term periods is still maintained, but a provision is added allowing an excess of 20% in special cases. In case of excess, it is required to report to the competent authority for approval and ensure that it does not exceed 50% of the total capital of the previous medium-term plan.	Increase flexibility in public investment management, while ensuring effective and transparent use of capital sources, especially in the context of large projects that can span many medium-term periods.
Special mechanisms and policies	Separate compensation and resettlement work into independent projects.	Add mechanisms to help speed up project progress.
	Assign 01 provincial People's Committee as the competent authority to implement projects that pass through 02 or more provincial administrative units.	Clear division of roles and responsibilities in project management.
	Allow the provincial People's Council to allocate local budget capital to entrust the implementation of credit policies through the Social Policy Bank.	Help localities flexibly use capital sources to solve local problems.

* Group B: projects with a total investment of 90 billion VND to less than 4,600 billion VND, depending on the field; Group C: projects with a total investment of less than 240 billion VND, depending on the field.

2. Potential of industrial real estate

Key public investment projects

Name of project	Time	Total investment (billion VND)	Investment status of projects
North-South Expressway Phase 1	2017 – 2024	118,716	Completed and put into operation
North-South Expressway Phase 2	2023 – 2025	146,990	As of December 10, 2024, the project met the set schedule. The total construction output was about 46% of the total investment.
Ring Road 3 (Ho Chi Minh City)	2022 – 2026	75,378	The overall project reached 17% of the construction progress. The construction progress through the sections in Ho Chi Minh City and Binh Duong reached about 20% - 30%, the section through Dong Nai was behind schedule, only reaching about 6% (due to delays in handing over the site). Site clearance through the provinces and cities reached more than 90%.
Ring Road 4 (Hanoi)	2022 – 2026	85,813	The site clearance through the provinces and cities reached over 95%, and the overall construction progress of the component projects of the Ring Road 4 project (Hanoi) reached about 20%.
Long Thanh Airport Phase 1	2020 – 2025	114,451	The Long Thanh Airport Phase 1 project consists of 4 component projects, of which projects 1, 2, and 3 achieved or exceeded the schedule, but component project 4 was still behind schedule. Package 5.10, the largest item of the passenger terminal, completed 30.4% of the volume by October 2024, equivalent to VND 10,110 billion.

Source: Ministry of Transport, Shinhan Securities Vietnam

2. Potential of industrial real estate

Disbursement status of public investment projects

Name of project	Disbursement plan in 2024 (billion VND)	Accumulated disbursement to December 31, 2024 (billion VND)	Disbursement rate (%)
North-South Expressway Phase 2	37,533	28,856	76.9%
Khanh Hoa – Buon Ma Thuot Expressway Phase 1	4,934	3,995	81.0%
Bien Hoa – Vung Tau Expressway Phase 1	6,874	4,264	62.0%
Chau Doc – Can Tho – Soc Trang Expressway Phase 1	10,805	8,257	76.4%
Ring Road 4 – Hanoi	10,908	2,397	22.0%
Ring Road 3 – Ho Chi Minh City	22,032	5,435	24.7%
Ho Chi Minh Road	5,365	3,975	74.1%
...			
Total	**104,139**	**60,586**	**58.2%**

Source: Ministry of Finance, Shinhan Securities Vietnam

2. 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.
- By December 2024, the country operated over 2,000 km of expressways. The government aims to expand the network to approximately 3,000 km by 2025 and further to 5,000 km by 2030, reflecting the commitment to enhancing transportation infrastructure.

Infrastructure projects help connect the country effectively and attract FDI capital

- Infrastructure development plays a vital role in attracting foreign investors to Vietnam. Enhanced infrastructure improves internal connectivity, streamlining the transport of goods and raw materials, which in turn increases production efficiency and lowers costs. Additionally, robust infrastructure establishes stronger connections to major seaports and airports, further facilitating export growth and bolstering the economy.

Source: Ministry of Transport, Shinhan Securities Vietnam

Long-term outlook for future infrastructure investment projects



North-South Expressway Project Phase 3

- Total expected length: 361 km
- Project implementation period: 2026 – 2030
- Total investment: VND 69,123 billion
- Main sections: Bai Vot (Ha Tinh) - Cam Lo (Quang Tri), Quang Ngai - Nha Trang (Khanh Hoa), Can Tho - Ca Mau



High-speed railway project on the North-South axis

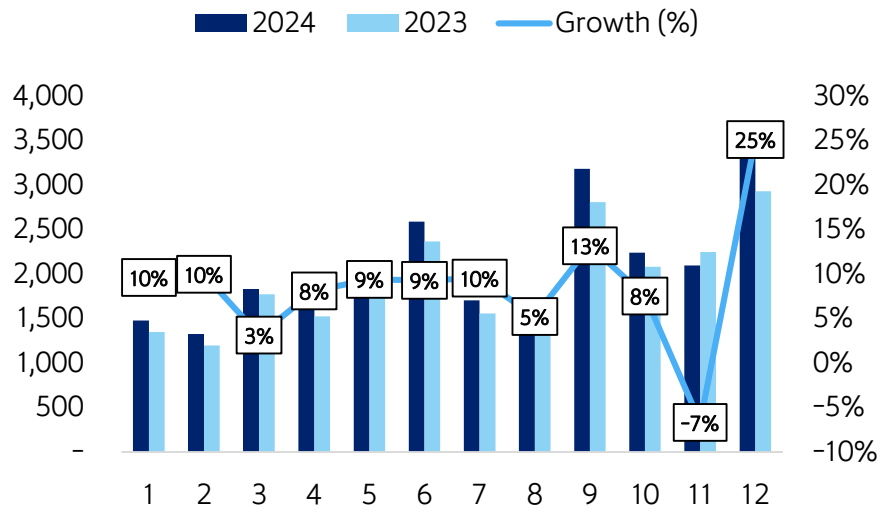
- Total expected length: About 1,541 km, connecting Hanoi and Ho Chi Minh City, passing through 20 provinces and cities
- Project implementation period: 2025 - 2026 (establishing and approving feasibility report, overall technical design), 2027 - 2030 (starting construction)
- Total investment: VND 1,713,548 billion (equivalent to USD 67.3 billion)
- Design speed: 350 km/h, helping to reduce travel time between the two ends of the country to about 5 hours.

Source: Ministry of Transport, Shinhan Securities Vietnam

2. Potential of industrial real estate

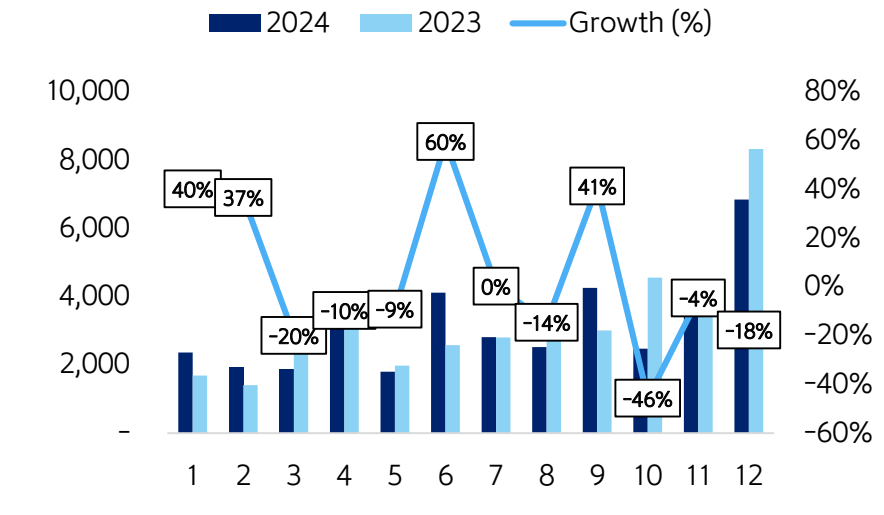
FDI inflows continue to maintain steady growth in 2024

Realized FDI capital 12 months 2023 vs 2024 (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Registered FDI capital 12 months 2023 vs 2024 (million USD)



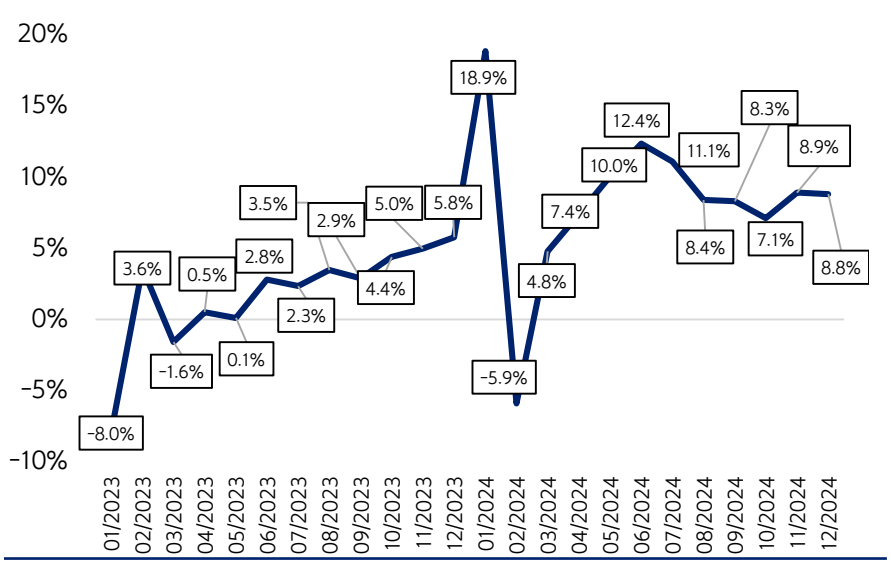
Source: Fiinpro, Shinhan Securities Vietnam

- Disbursed FDI capital in Vietnam showed stable growth, with 12M2024 figures reaching USD 25.35 billion (+9% YoY), the highest level in five years. Registered FDI capital also slightly dropped to USD 38.22 billion (-3% YoY). According to the Foreign Investment Agency, foreign investment in Vietnam remained on a positive trajectory, driven by growth in both new investments and capital increase in the number and scale of projects.
- In terms of total newly registered capital, adjustments, and share contributions, 3,375 (+2% YoY) new projects were granted Investment Registration Certificates during the period, with total registered capital nearing USD 19.73 billion.
- While FDI capital declined in the final months of the year, we anticipate that FDI inflows into Vietnam will continue to experience growth in the coming years, driven by robust infrastructure investment opportunities and the ongoing "China +1" strategy.

2. Potential of industrial real estate

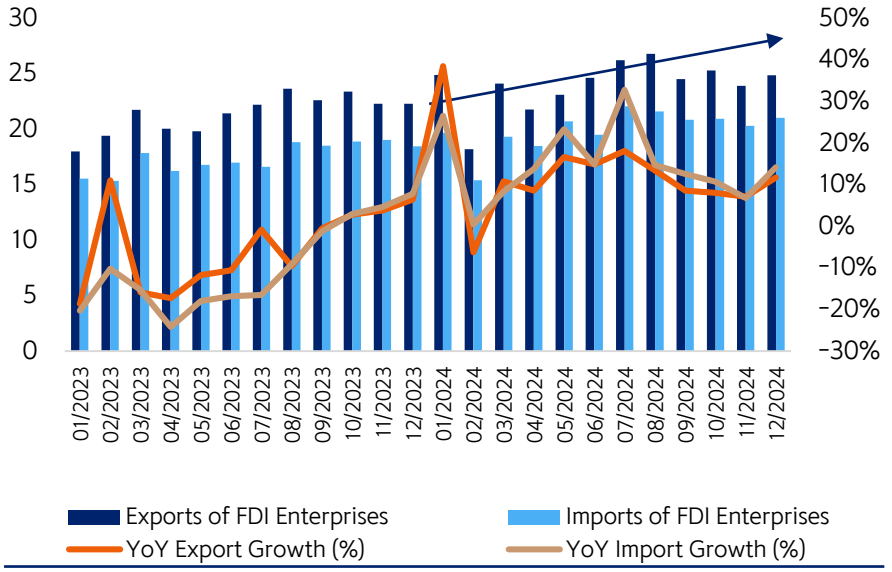
Production situation of FDI enterprises in Vietnam

Industrial production index - IIP 09/2023 – 12/2024 (%)



Source: Fiinpro, Shinhan Securities Vietnam

Import-export FDI enterprises 01/2023 – 12/2024 (billion USD)



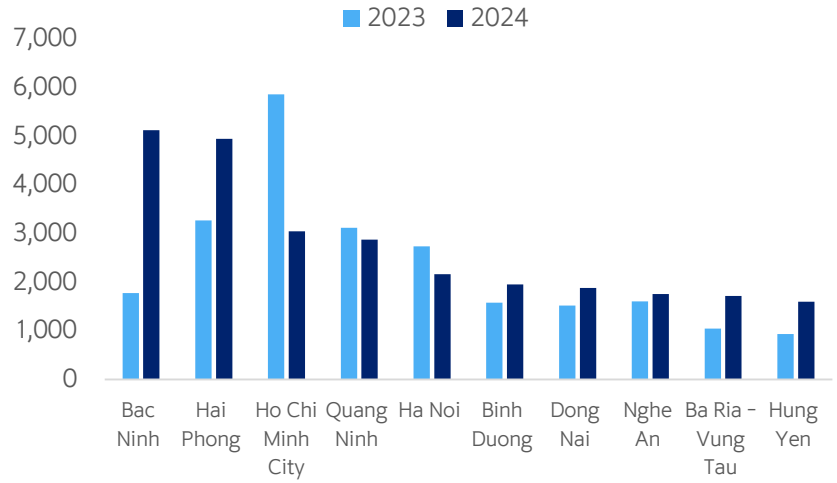
Source: Fiinpro, Shinhan Securities Vietnam

- The industrial production index has demonstrated strong growth in 2024, reflecting a significant improvement in production activities as the global economy enters a recovery phase.
- Over the 12M2024, cumulative exports from FDI enterprises reached USD 290.94 billion (+13.3% YoY). The import-export performance of FDI enterprises showed consistent monthly improvements, underscoring the sustained positive contributions of these enterprises to Vietnam's economy. This upward trend further reinforces the foundation for continued growth in FDI capital inflows.

2. Potential of industrial real estate

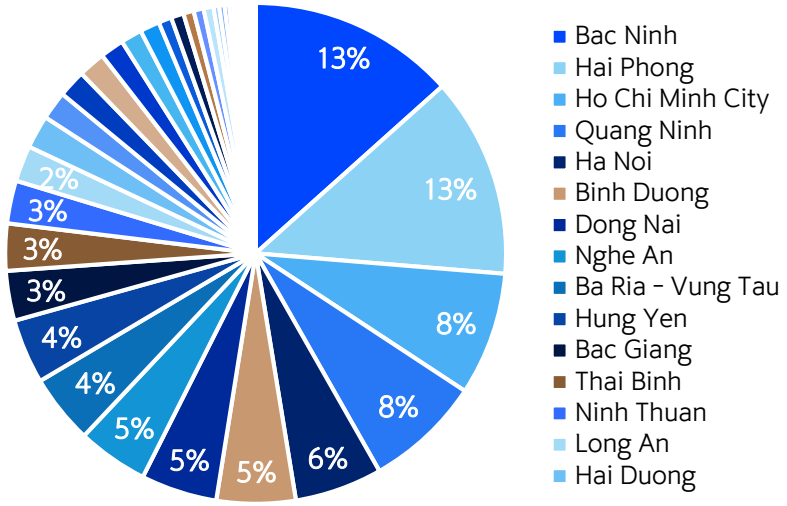
Northern and Southern provinces continue to receive the majority of FDI capital.

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



Source: Fiinpro, Shinhan Securities Vietnam

Top 10 localities receiving registered FDI capital in 2024 (%)



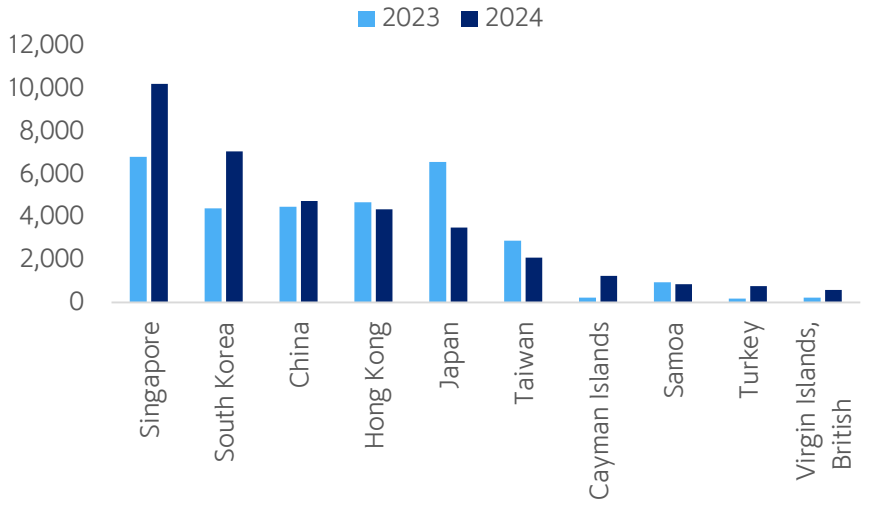
Source: Fiinpro, Shinhan Securities Vietnam

- Provinces and cities such as Bac Ninh, Quang Ninh, Ho Chi Minh City, Hai Phong, Hanoi, Binh Duong, Ba Ria – Vung Tau, and Dong Nai remained primary hubs for FDI capital inflows in Vietnam. Among these, Ba Ria – Vung Tau and Bac Ninh saw exceptional growth, increasing by 2.89 times and +65%, respectively, compared to the same period last year. Strategic geographic locations and robust infrastructure investment were driving FDI growth in these areas.
- Northern provinces and cities, in particular, continued to attract substantial FDI capital due to their ample industrial park real estate supply and more affordable rental costs compared to southern provinces, making them highly favorable destinations for foreign investors.

2. Potential of industrial real estate

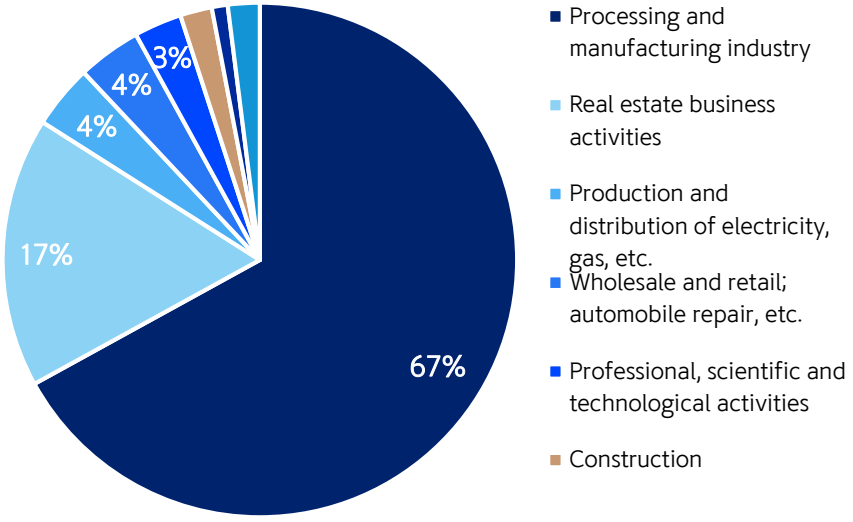
Asian countries play an important role in the structure of FDI capital sources.

Top 10 countries investing in Vietnam in 2023 and 2024 (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Structure of sectors registered FDI in 2024 (%)



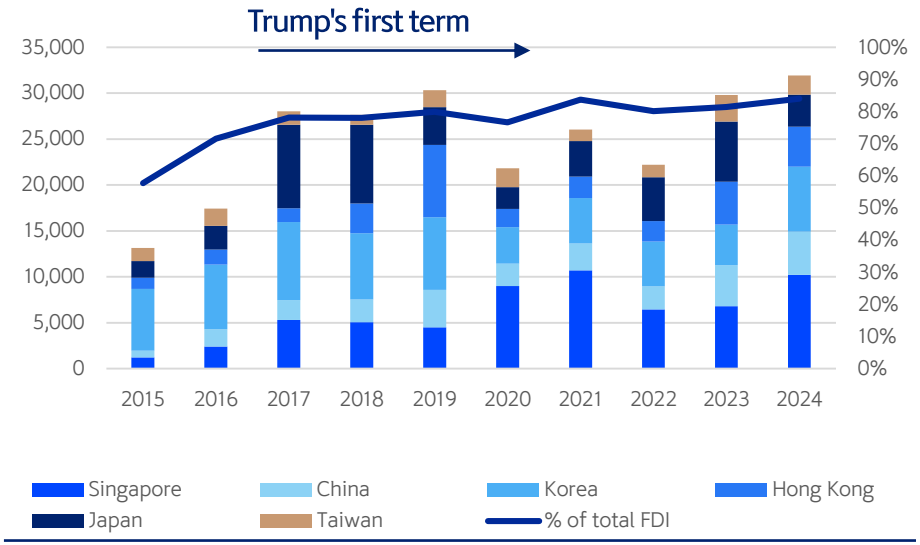
Source: Fiinpro, Shinhan Securities Vietnam

- Asian investors, including Singapore, Japan, China, South Korea, Hong Kong, and Taiwan, continued to dominate as Vietnam's traditional investment partners. In the 2024, these six countries accounted for 84% of the total registered FDI capital.
- The processing and manufacturing sector remained the primary focus for foreign investment, comprising 67% of FDI capital. Additionally, the real estate sector saw significant growth, with total registered FDI capital reaching USD 6,309 billion —1.35 times higher than the same period last year. Key beneficiaries of FDI capital in the real estate sector included industrial park real estate, as well as housing and office real estate, highlighting their appeal to foreign investors.

2. Potential of industrial real estate

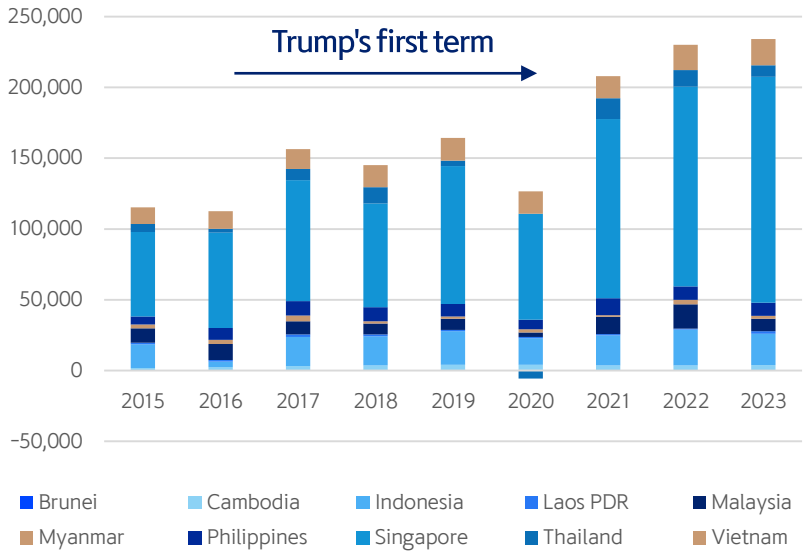
Expectations of FDI capital to continue to grow after Donald Trump become the President for the second time

Registered FDI capital of top 6 countries investing FDI in Vietnam in the period 2015 – 2024 (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

FDI inflows to ASEAN countries 2015 – 2023 (million USD)



Source: ASEANstats, Shinhan Securities Vietnam

- During the first term of U.S. President Donald Trump (January 20, 2017 – January 20, 2021), the imposition of a 25% tariff on Chinese goods sparked a trade war, leading many companies to relocate production to reduce dependency on China, particularly in the processing, manufacturing, and technology sectors. The "China +1" strategy gained momentum, and a significant portion of FDI capital shifted to ASEAN countries, including Vietnam. In 2017, FDI inflows to ASEAN nations increased by approximately 39%, with Vietnam's registered FDI capital rising by 47%. Notably, FDI from developed Asian countries, which accounted for over 80% of total FDI, grew by 61% that year.
- As President Trump entered his second term, he pledged to raise import tariffs on Chinese goods, potentially as high as 60%. This could further accelerate the shift of FDI capital to Vietnam and other ASEAN countries, reinforcing the trend of diversifying production away from China.

2. Potential of industrial real estate

Vietnam continues to be a destination for technology FDI capital flows.



Prime Minister Pham Minh Chinh and Mr. Jensen Huang – Chairman and General Director of NVIDIA Corporation (USA)



Representatives of FPT Corporation and representatives of Nvidia Corporation signed a comprehensive strategic cooperation agreement.

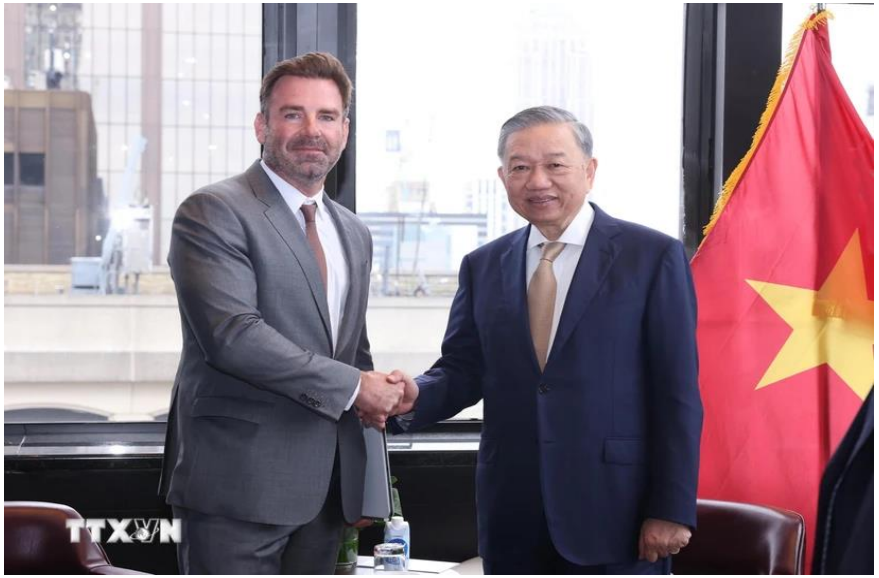
- On December 5, 2024, the Chairman of NVIDIA Corporation attended the signing ceremony for an agreement between the Government of Vietnam and NVIDIA to establish the NVIDIA Artificial Intelligence (AI) Research and Development Center and an AI Data Center in Vietnam. This collaboration marks the beginning of a promising AI technology industry worth billions of USD in the coming years.
- Before this, FPT Corporation and NVIDIA signed a comprehensive strategic cooperation agreement to build a USD 200 million AI factory. This facility will focus on key sectors, including automotive technology, manufacturing, finance, and cloud gaming, further cementing Vietnam's growing role in the global AI and tech landscape.

2. Potential of industrial real estate

The Government strives to promote and support foreign enterprises to invest in Vietnam.



General Secretary and President To Lam and Managing Director of the International Monetary Fund (IMF) Kristalina Georgieva



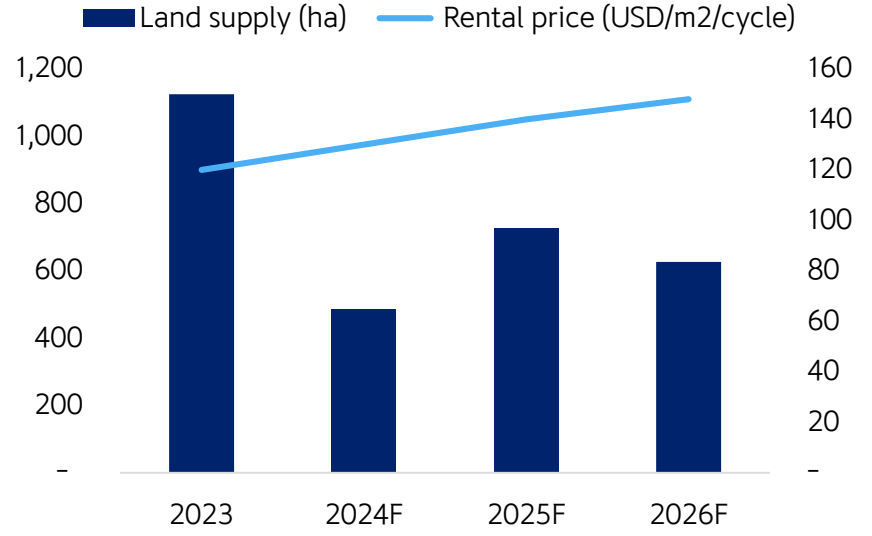
General Secretary and President To Lam and the leader of Apple Corporation

- During the 79th United Nations General Assembly High-Level Week on September 23, 2024, General Secretary and President To Lam held meetings with leaders from prominent US and international technology companies, and investment funds, including Apple, Meta, Super Micro, Blackstone, Warburg Pincus, and former Google CEO Eric Schmidt. These discussions aimed at encouraging major US technology firms to increase their investments in Vietnam.
- On September 24, 2024, during his visit to the United States, General Secretary and President To Lam also met with Ms. Kristalina Georgieva, Managing Director of the IMF. In this meeting, he requested IMF support for Vietnam's economic restructuring, and digital & green transformation, including the development of new technologies such as AI.

2. Potential of industrial real estate

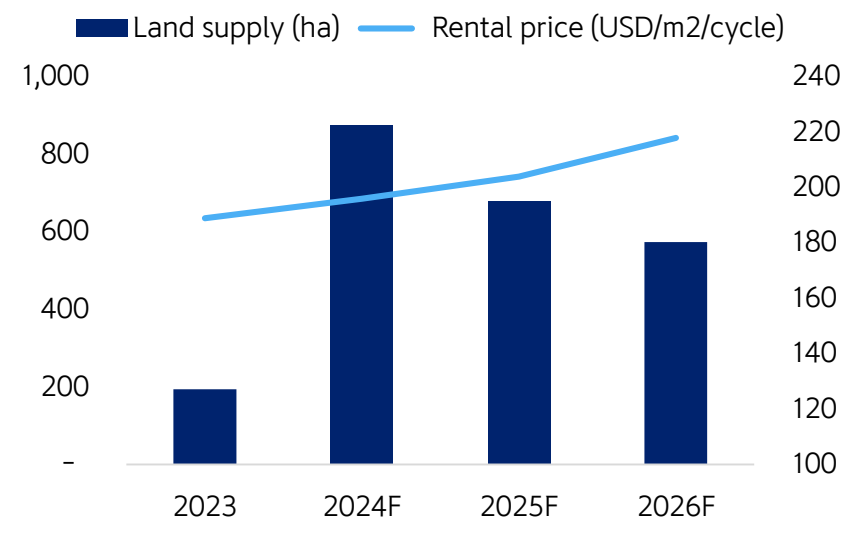
Industrial real estate prospects continue to maintain stable growth in the future

Projected cumulative area and industrial park land rental price from 2023 – 2026F in the North



Source: CBRE, Shinhan Securities Vietnam

Projected cumulative area and industrial park land rental price from 2023 – 2026F in the South



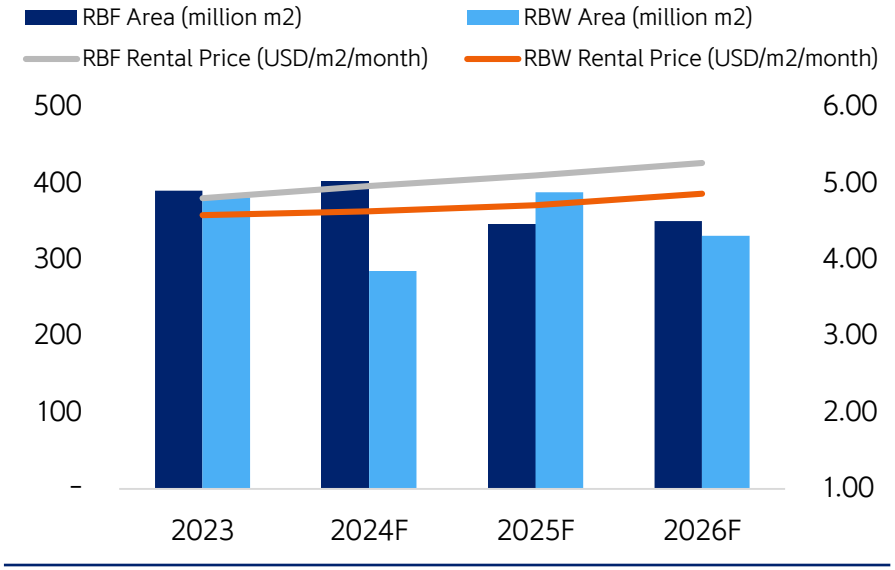
Source: CBRE, Shinhan Securities Vietnam

- In 2025, the supply of industrial real estate is projected to grow significantly, with an estimated 700 ha in the North and 650 ha in the South. In the North, the supply will concentrate in provinces such as Bac Ninh, Hai Phong, and Hung Yen, while in the South, key provinces like Binh Duong, Dong Nai, Long An, and Ba Ria – Vung Tau will see the majority of the supply.
- Industrial land prices are expected to experience steady growth of 5% – 10% annually during the 2025–2026 period, driven by stable rental demand and the continued influx of FDI capital into Vietnam. Occupancy rates are forecasted to remain high, with the North at 83% and the South at 90%, reflecting strong demand for industrial real estate in both regions.

2. Potential of industrial real estate

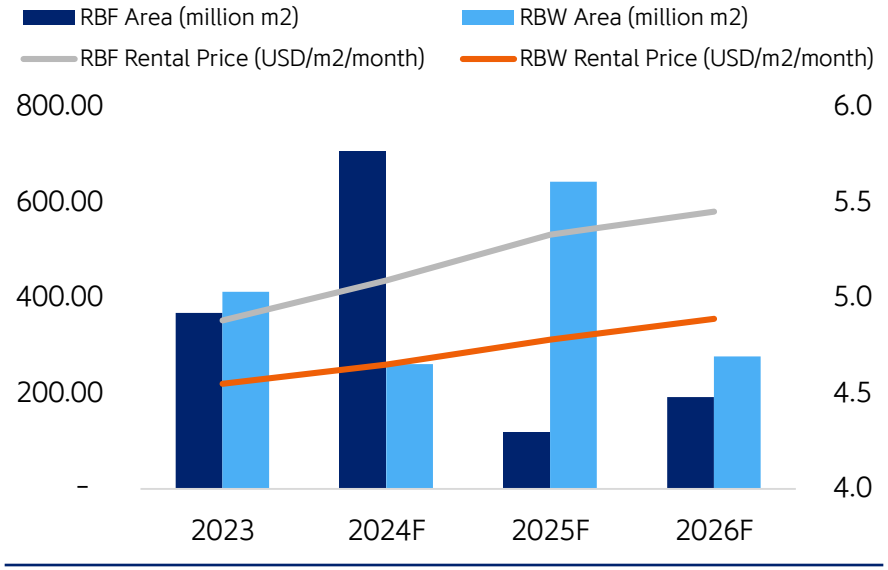
Supply of RBF and RBW continues to grow according to market demand

Projected absorption area and RBF/RBW price 2023 – 2026F in the North



Source: CBRE, Shinhan Securities Vietnam

Projected absorption area and RBF/RBW price 2023 – 2026F in the South



Source: CBRE, Shinhan Securities Vietnam

- According to CBRE's forecast, the supply of RBF and RBW is expected to increase by 15% – 20% in the Northern region and 8% – 16% in the Southern region from 2024 to 2026.
- This growth is driven by the continued expansion of technology and e-commerce companies in Vietnam. Rental prices for RBF and RBW are anticipated to rise steadily at an average rate of about 3% per year. Similarly, absorption rates are expected to improve, supported by the growing demand from these sectors.

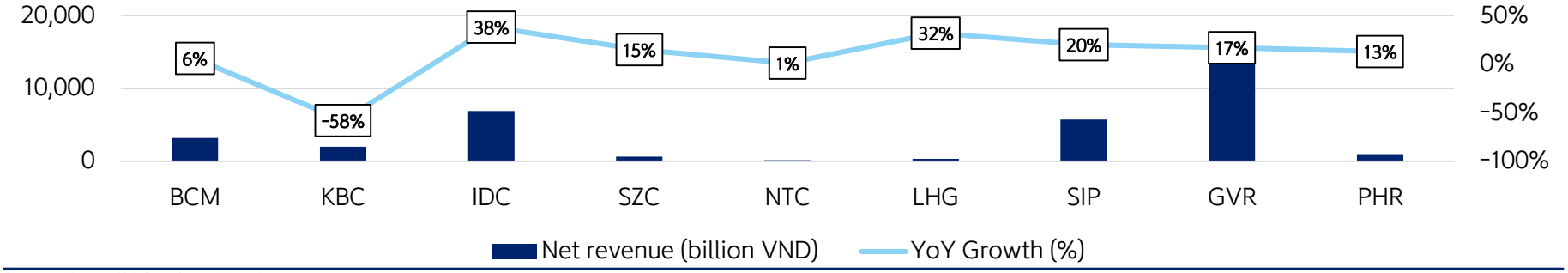
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Update on industrial real estate stocks

Industrial real estate businesses experienced growth in 9M2024, driven by rising demand and higher rental prices, benefiting companies with available land reserves for lease.

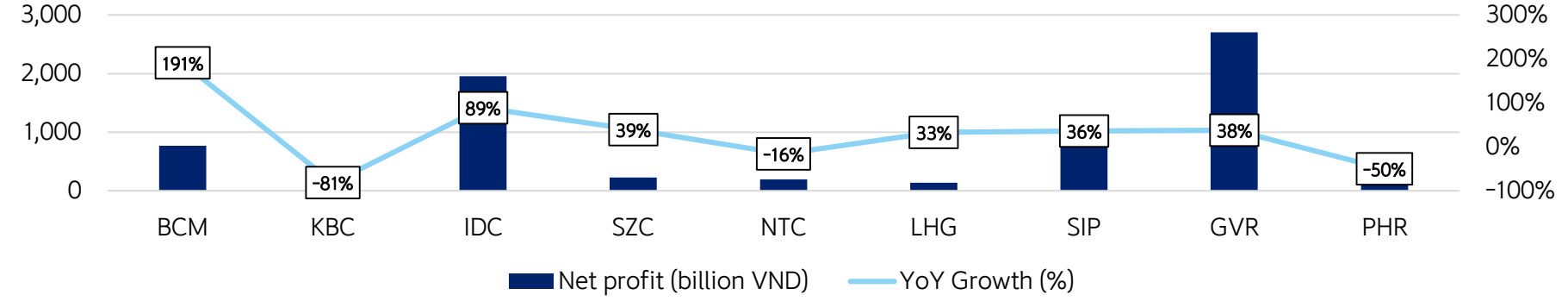
Update on the business situation of some prominent stocks

Net revenue of industrial park real estate enterprises in 9M2024



Source: Fiinpro, Shinhan Securities Vietnam

Net profit of industrial park real estate enterprises in 9M2024

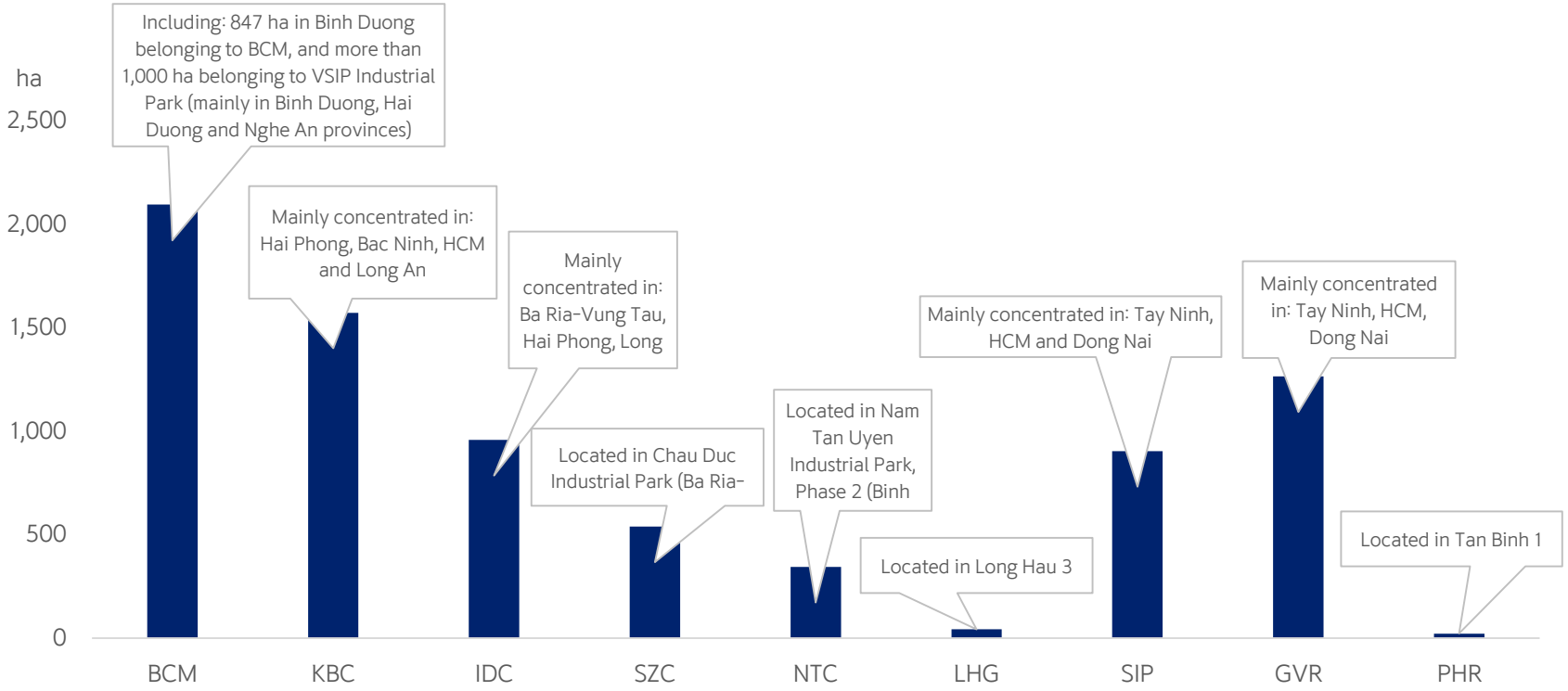


Source: Fiinpro, Shinhan Securities Vietnam

- In the 9M2024, industrial park enterprises demonstrated positive business growth, primarily driven by rising demand and increased FDI inflows. Gross profit margins improved year-over-year, largely due to higher rental prices. Nevertheless, some enterprises, such as KBC, experienced performance declines, mainly due to delays in finalizing land lease procedures. Despite these challenges, we maintain an optimistic outlook for these enterprises, anticipating that legal obstacles will be resolved soon, enabling them to realize potential revenue soon.

Estimated area of industrial park land available for lease

Land area available for lease of some industrial park real estate enterprises at the end of 2023



Source: Company reports, Shinhan Securities Vietnam

3. Update on industrial real estate stocks

Ticker	Mkt price (VND)	Target price* (VND)	Upside (%)	Mkt cap (Billion VND)	Revenue forecast in 2025 (Billion VND)	Revenue growth (% YoY)	Net profit forecast in 2025 (Billion VND)	Profit growth (% YoY)	ROA – TTM (%)	ROE – TTM (%)	GPM – TTM (%)	D/E	P/E – TTM	P/B – TTM
BCM	70,000	80,900	16%	72,450	7,848	20%	2,034	20%	5%	14%	55%	1.08	26.42	3.5
KBC	28,300	34,600	22%	21,723	9,285	140%	2,865	109%	3%	5%	62%	0.2	25.35	1.37
IDC	53,400	64,800	21%	17,622	8,363	-5%	1,899	-8%	11%	40%	38%	0.47	10.63	3.99
SZC	41,000	49,800	21%	7,379	1,210	19%	408	28%	4%	14%	43%	0.9	19.18	2.59
NTC	210,000	238,000	13%	5,040	488	94%	493	60%	6%	30%	71%	0.22	18.28	5.08
LHG	33,750	42,000	24%	1,687	539	15%	216	9%	5%	10%	52%	0.11	11.98	1.1
SIP	78,000	87,100	12%	16,421	8,048	8%	1,190	9%	5%	29%	14%	0.48	15.7	4.27
GVR	28,000	35,450	27%	112,000	24,317	0%	4,138	-2%	3%	5%	21%	0.11	55.76	2.76
PHR	50,000	59,500	19%	6,774	1,619	13%	495	13%	8%	13%	26%	0.08	18.3	2.29

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

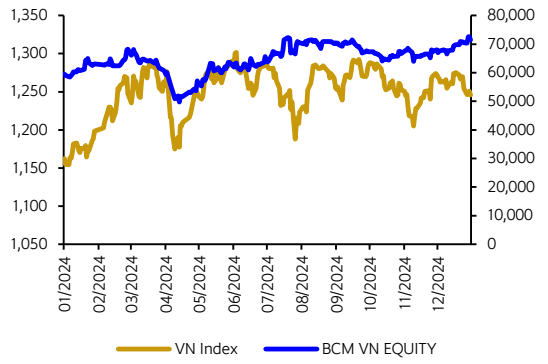
Source: SSV Research, Bloomberg, Fiipro
Data as of 01/10/2025

- We highly recommend the industrial park group, including BCM, KBC, IDC, and SZC, thanks to their abundant land fund available for lease, concentrated in key provinces and cities (destinations of FDI capital flows) such as Bac Ninh, Binh Duong, Hai Phong, Vung Tau, Ho Chi Minh City, and Bac Giang.

Investment And Industrial Development Corporation (HOSE: BCM)

Target price (12 months)		**VND 80,900**
Current price (01/10/25)		VND 70,000
Return (%)		16%
VNINDEX		1,245
PE market (25F,x)		11.8
Market cap (billion VND)		72,450
Outstanding shares (mil shares)		1,035
Free-float (mil shares)		35
52-week high/low (VND)		74,500/50,400
90-day avg. trading volume (mil shares)		0.45
90-day avg. turnover (bn VND)		20
Foreign ownership (%)		0.05
Major shareholders (%)	Binh Duong Provincial People's Committee	95.44
	Nguyen Van Hung	0.6

Performance	3M	6M	12M
Absolute (%)	-5.5	4.2	3.5
Rel.to VN-Index (%)	-5.7	5.5	-9.4



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 ha. 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 ha.

At the end of 9M2024, BCM recorded revenue of VND 3,195 billion (+6% YoY), a profit after tax of VND 769 billion, 1.9 times higher than the same period. Gross profit margin grew strongly, increasing from 57.3% in 9M2023 to 64.2% in 9M2024. Improved demand and increased industrial park land prices helped the company improve revenue and gross profit margin. In addition, profits from joint ventures and associates also increased 3.47 times over the same period with significant contributions from the VSIP industrial park group.

We estimate revenue in 2024 and 2025 to reach VND 6,540 billion (-17% YoY) and VND 7,848 billion (+20% YoY), respectively, and profit after tax in 2024 and 2025 to reach VND 1,693 billion (-30% YoY) and VND 2,034 billion (+20% YoY), respectively, with the main contribution from the industrial park segment. BCM currently owns 628 ha of land available for lease. BCM's Cay Truong industrial park project (with a total commercial land area of 490 ha) was approved by Binh Duong province for a 1/2000 scale construction zoning plan and started construction on 26/09/2024. The project is expected to start recording revenue in 2025 and contribute significantly to BCM's business results.

Risks: (1) Declining demand for industrial park real estate; (2) High debt/equity ratio; (3) Slow progress in implementing industrial park projects.

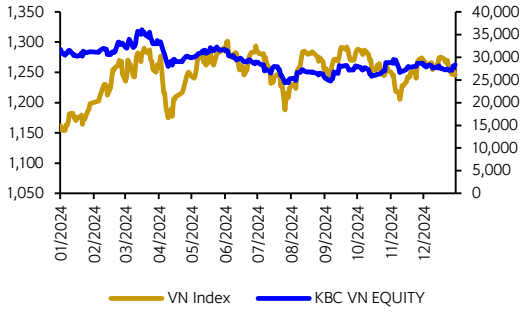
Year	2021	2022	2023	2024F	2025F
Revenue (billion VND)	6,982	6,506	7,883	6,540	7,848
Operating profit (billion VND)	2,002	1,437	2,783	2,293	2,752
OPM (%)	28.7	22.1	35.3	35.1	35.1
NPAT (billion VND)	1,451	1,685	2,423	1,693	2,034
NPM (%)	20.8	25.9	30.7	25.9	25.9
EPS (VND)	1,232	1,482	2,341	1,636	1,965
ROE (%)	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 01/10/2025

Kinh Bac City Development Holding Corporation (HOSE: KBC)

Target price (12 months)	**VND 34,600**
Current price (01/10/25)	VND 28,300
Return (%)	22%
VNINDEX	1,245
PE market (25F,x)	11.8
Market cap (billion VND)	21,723
Outstanding shares (mil shares)	768
Free-float (mil shares)	426
52-week high/low (VND)	36,300/24,200
90-day avg. trading volume (mil shares)	4.25
90-day avg. turnover (bn VND)	133
Foreign ownership (%)	19.92
Major shareholders (%)	Dang Thanh Tam 18.06%
	Kinh Bac Investment and Consulting JSC 8.11%

Performance	3M	6M	12M
Absolute (%)	9.1	-9.2	9.1
Rel.to VN-Index (%)	8.9	-7.8	8.9



Prospects for Trang Due 3 project and growth potential with expanded land fund

Kinh Bac Urban Development Corporation (HoSE: KBC) was established in 2002 and is one of the leading industrial park real estate developers in Vietnam. KBC has experience working with and attracting leading FDI corporations in Vietnam. More than 90% of customers in KBC's industrial parks are foreign corporations, from countries such as Japan, Taiwan, Korea, and China with big names such as Canon, Foxconn, LG...

Kinh Bac recorded net revenue in 9M/2024 of VND 1,994 billion (-58% YoY), of which the industrial park segment (IP) reached VND 1,116 billion (-76% YoY), profit after tax reached VND 397 billion (-81% YoY). The estimated leasable industrial park land area in 9M/2024 was only about 30 ha due to problems related to site clearance and legal issues.

We estimate KBC's revenue will reach about VND 3,873 billion (-33% YoY) in 2024 and VND 9,285 billion (+140% YoY) in 2025. Profit after tax in 2024 is expected to reach VND 1,513 billion (-33% YoY) and profit after tax in 2025 is expected to reach VND 3,167 billion (+109% YoY).

We expect: (1) Industrial park land area for lease will reach about 60 ha in 2024 and 150 ha in 2025 with the main contribution of Nam Son Hap Linh, Tràng Duệ 3, and Long An industrial parks. (2) The urban real estate segment will continue to grow in 2024 thanks to the Nenh Social Housing project and be expected to explode in 2025 when the Trang Cat urban area project completes legal procedures and begins offering for sale.

Risk: (1) Demand for industrial park real estate rentals has decreased; (2) Debt/equity ratio is high; (3) FDI inflows have weakened; (4) Slow progress in industrial park project implementation.

Year	2021	2022	2023	2024F	2025F
Revenue (billion VND)	4,246	950	5,618	3,873	9,285
Operating profit (billion VND)	1,849	-245	2,883	1,102	3,607
OPM (%)	43.5	-25.7	51.3	28.5	38.8
NPAT (billion VND)	1,095	1,526	2,031	1,368	2,865
NPM (%)	25.8	160.6	36.1	35.3	30.9
EPS (VND)	1,441	1,993	2,646	1,783	3,732
ROE (%)	9.2	10.1	11.9	7.1	13.2
P/E (x)	31.64	12.14	12.00	15.34	7.33
P/B (x)	2.45	1.16	1.34	1.10	0.97

Source: Bloomberg, Shinhan Securities, Data as of 01/10/2025

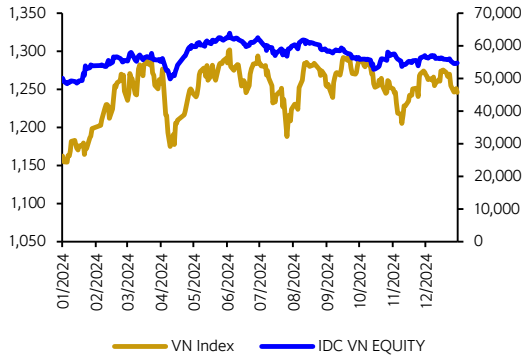
IDICO Corporation (HOSE: IDC)

IDICO

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

Target price (12 months)	**VND 64,800**
Current price (01/10/25)	VND 53,400
Return (%)	21%
VNINDEX	1,245
PE market (25F,x)	11.8
Market cap (billion VND)	17,622
Outstanding shares (mil shares)	330
Free-float (mil shares)	210
52-week high/low (VND)	66,000/49,500
90-day avg. trading volume (mil shares)	1.09
90-day avg. turnover (bn VND)	57
Foreign ownership (%)	21.14
Major shareholders (%)	SSG Group Joint Stock Company 22.5%
	Bach Viet Production and Trading Company Limited 11.93%

Performance	3M	6M	12M
Absolute (%)	-4.6	-8.8	12.8
Rel.to VN-Index (%)	-4.8	-7.4	-0.1



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 (IPs) Vietnam with a total area of nearly 3,267 ha. IDC owns 7 IPs in the South, and 3 IPs 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.

At the end of 9M2024, IDC achieved net revenue of VND 6,891 billion (+38% YoY). Of which, industrial park revenue reached VND 2,764 billion (+62% YoY). The company's after-tax profit reached VND 1,955 billion (+89% YoY). Of which, the area of IP land handed over reached about 90 ha with the contribution of Huu Thanh IP, Phu My 2 IP and Phu My 2 IP expansion, Cau Nghin IP, and Que Vo 2 IP.

We estimate revenue in 2024 and 2025 to reach VND 8,803 billion (+22% YoY) and VND 8,363 billion (-5% YoY), respectively. Revenue in 2025 is expected to decline slightly, mainly due to the decline in MOU contracts in 2024. Profit after tax in 2024 and 2025 are expected to reach VND 2,067 billion (+48% YoY) and VND 1,899 billion (-8.1% YoY), respectively. With 580 ha of IP land available for lease, we estimate that IDC will lease about 100 ha of IP land per year from 2024 to 2025. IDC's power segment is expected to grow by about 10% from 2024 to 2025, mainly from the power distribution segment.

Regarding the long-term outlook, IDC is actively expanding its land fund, including 2 industrial parks (Tan Phuoc 1 IP (470 ha) and My Xuan B1 expansion IP (110 ha) which received investment approval in 2024) and has set the plan to expand to more than 1,500 ha.

Risks: (1) Declining demand for industrial park real estate; (2) Weakening FDI inflows; (3) Slow progress in implementing industrial park projects.

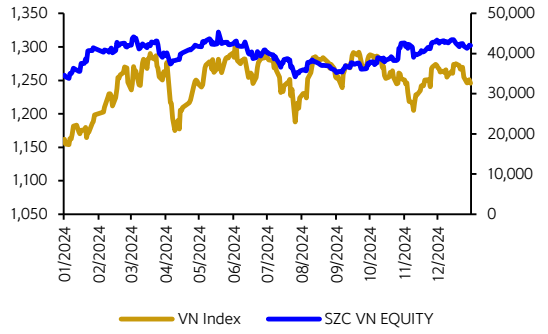
Year	2021	2022	2023	2024F	2025F
Revenue (billion VND)	4,301	7,485	7,237	8,803	8,363
Operating profit (billion VND)	477	2,726	2,060	3,016	2,782
OPM (%)	11.1	36.4	28.5	34.3	33.3
NPAT (billion VND)	454	1,768	1,393	2,067	1,899
NPM (%)	10.6	23.6	19.2	23.5	22.7
EPS (VND)	1,376	5,356	4,221	6,263	5,756
ROE (%)	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 01/10/2025

SONADEZI Chau Duc Shareholding Company (HOSE: SZC)

Target price (12 months)	**VND 49,800**
Current price (01/10/25)	VND 41,000
Return (%)	21%
VNINDEX	1,245
PE market (25F,x)	11.8
Market cap (billion VND)	7,379
Outstanding shares (mil shares)	180
Free-float (mil shares)	110
52-week high/low (VND)	46,500/34,050
90-day avg. trading volume (mil shares)	1.56
90-day avg. turnover (bn VND)	69
Foreign ownership (%)	6.79
Major shareholders (%)	Industrial Park Development Corporation 46.84%
	Sonadezi Long Thanh Joint Stock Company 10.08%

Performance	3M	6M	12M
Absolute (%)	19.2	1.7	21.4
Rel.to VN-Index (%)	19.0	3.0	8.4



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 ha in Chau Duc district, Ba Ria Vung Tau province, of which industrial park land accounts for 1,556 ha, the rest is mainly for urban areas and golf courses.

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

With a favorable geographical location and competitive rental prices compared to the region, we estimate that SZC will lease about 45 hectares in 2024 and maintain about 40 hectares/year for the following years. In addition, Sonadezi Chau Duc's industrial park land rental price is expected to grow by 5% - 8% in the period of 2025 - 2028. The business results in 2025 will be further contributed by the Sonadezi Huu Phuoc Residential Area project phase 2 (start selling in Q4/2024). The Golf course project will start full operation and the return of operation of the BOT 768 project will contribute positively to SZC's business results.

We expect SZC's revenue in 2024 and 2025 to reach VND 1,020 billion and VND 1,210 billion (+18% YoY), respectively, with expected profit after tax reaching VND 318 billion (+45% YoY) in 2024 and VND 408 billion (+28% YoY) in 2025.

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.

Year	2021	2022	2023	2024F	2025F
Revenue (billion VND)	713	859	818	1,020	1,210
Operating profit (billion VND)	386	260	295	407	521
OPM (%)	54.2	30.2	36.1	39.9	43.0
NPAT (billion VND)	324	197	219	318	408
NPM (%)	45.4	23.0	26.8	31.2	33.7
EPS (VND)	2,395	1,458	1,331	1,765	2,268
ROE (%)	21.1	11.7	11.9	12.4	14.2
P/E (x)	23.7	15.0	27.5	23.1	18.0
P/B (x)	4.6	1.7	3.1	2.9	2.5

Source: Bloomberg, Shinhan Securities, Data as of 01/10/2025

Important Disclosure

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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Shinhan Investment Network

SEOUL
Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK
Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HONG KONG
Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

INDONESIA
PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

SHANGHAI
Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

HO CHI MINH
Shinhan Securities Vietnam Co., Ltd.
18th Floor, The Mett Tower, 15 Tran Bach Dang, Thu Thiem Ward,
Thu Duc City, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HA NOI
Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000


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Securities