February 14th, 2025

Shinhan Securities



Saigon Beer - Alcohol - Beverage Corporation

[Vietnam / Food and beverages]

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

BUY

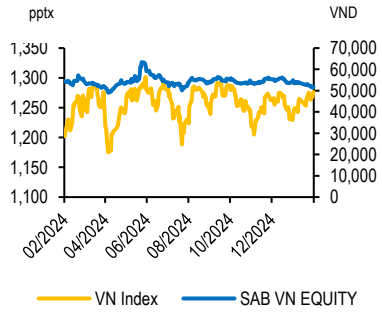
Update Report

Target price (12 months)	**68,600 VND**
Current price (14/02/2025)	51,600 VND
Return (%)	32.9%

VNINDEX	1,276
Market P/E (x)	10.3
Market Cap (bn VND)	66,180
Outstanding shares (1mn)	1,283
Free float (1mn)	134
52-week high/low (VND)	69,400/51,500
90-day avg. trading volume (1mn)	0.48
90-day avg.turnover (bn VND)	27
Foreign ownership (%)	60

Major shareholders (%)	Vietnam Beverage Company Limited	54
	Ministry of Industry and Trade	36

Performance	3M	6M	12M
Abs (%)	-8.0	-7.4	-10.7
Rel to VN-Index (%)	-11.6	-11.1	-17.2



Source: Bloomberg

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Transition to recovery phase

Update recommendation BUY, target price at VND 68,600

Saigon Beer-Alcohol-Beverage Corporation (HOSE: SAB) is the second largest beer producer in Vietnam with a market share of 34%. SAB leads in the number of breweries (26 breweries) with a capacity of 2.4 billion liters/year, providing from mid-priced to premium products. In 2025, we expect that (1) Beer consumption continues to improve thanks to the recovery of domestic consumption and the change in habits from on-trade to off-trade consumption as Decree 100/2019/ND-CP on alcohol concentration violations continues to be enforced more strictly, (2) SAB continues to maintain stable dividends and (3) increasing ownership in Sabibeco brings advantages in expanding the production line. Combining the FCFF and PE valuation methods, we recommend BUY on SAB with a target price of VND 68,600, which is equivalent to a return of 32.9%.

Update SAB's business result in 2024

In Q4/2024, SAB recorded net revenue of VND 8,933 billion (+4.85% YoY) and net profit of VND 991 billion (+2.48% YoY). The gross profit margin of the beer segment (accounting for 85% of Q4 net revenue) decreased by 1% YoY, causing the total gross profit margin in Q4 to decrease by 80 basis points YoY.

For the whole year of 2024, the company recorded net revenue of VND 31,872 billion (+4.63% YoY) and net profit of VND 4,494 billion (+5.64% YoY). Overall, the revenue and profit results for the whole year only completed 92.7% and 98.1% of the annual plan, respectively. Some difficulties still existed such as (1) domestic consumption has not really recovered as strongly as expected, (2) Decree 100/2019/ND-CP continued to be strongly implemented, which were the reasons why the company was unable to complete the annual plan. Gross profit margin in 2024 only reached 29.2%, down 60 basis points from 29.8% in 2023, with beer segment's gross profit margin falling to 32.8% due to increased raw material costs.

Outlook for 2025

We forecast net revenue in 2025 to reach VND 33,807 billion (+6.1% YoY) and net profit after tax to reach VND 4,795 billion (+6.7% YoY). Of which, we forecast beer segment's revenue to reach VND 29,635 billion, equal to an increase of +6.64% YoY with expectations of stronger recovery in domestic consumption and strong growth in the Modern trade (MT) channel, while expecting gross profit margin in this segment to recover to 33.0% thanks to the full use of high-cost malt inventory and better cost management (improvements to reduce can production costs).

Risks: (1) Risk of raw material prices; (2) Risk of increasing excise tax; (3) Policy risk; (4) Risk of domestic consumption recovering weaker than expected.

Year to Dec.	2022	2023	2024F	2025F	2026F
Revenue (bn VND)	**34,979**	**30,461**	**31,872**	**33,807**	**36,482**
OP (bn VND)	5,498	3,811	4,437	4,764	5,215
NP (bn VND)	**5,499**	**4,255**	**4,494**	**4,795**	**5,362**
EPS (VND)	7,980	3,132	3,291	3,520	3,948
BPS (VND)	36,083	18,877	18,152	18,690	19,011
OPM	15.7	12.5	13.9	14.1	14.3
NPM	15.7	14.0	14.1	14.2	14.7
ROE	22.4	16.7	18.39	19.0	20.7
PER (x)	9.0	18.0	17.0	19.0	17.0
PBR (x)	2.1	1.9	3.6	3.8	3.7
EV/EBITDA (x)	14.2	11.0	10.5	10.0	9.0

Source: Company data, Shinhan Securities Vietnam

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Update 2024 business results and 2025 forecast

Billion VND	Q4/2024	Q4/2023	Change (YoY)	2024	Change (YoY)	2025F	Change (YoY)
Net revenue	**8,933**	**8,520**	**4.85%**	**31,872**	**4.63%**	**33,807**	**6.1%**
Beer segment	7,588	7,280	4.23%	27,791	4.17%	29,635	6.6%
Raw materials	1,247	1,150	8.43%	3,715	8.66%	3,789	2.0%
Beverages	45	34	32.35%	163	33.61%	167	2.5%
Others	53	56	-5.36%	203	-16.12%	216	6.4%
Gross profit	**2,499**	**2,456**	**1.75%**	**9,318**	**2.50%**	**9,970**	**7.0%**
Gross profit margin	28.0%	28.8%	-0.80%	29.2%	-0.60%	29.5%	0.3%
Beer segment	32.3%	33.3%	-1.00%	32.8%	-0.60%	33.0%	0.2%
Raw materials	0.2%	-0.2%	0.40%	0.4%	0.50%	0.4%	0.0%
Beverages	31.1%	14.7%	16.40%	28.2%	5.20%	22.8%	-5.4%
Others	66.0%	50.0%	16.00%	68.6%	8.70%	63.7%	-4.9%
Net profit	**991**	**967**	**2.48%**	**4,494**	**5.64%**	**4,795**	**6.7%**
NPATMI	965	947	1.90%	4,330	5.15%	4,622	6.7%
Net profit margin	11.1%	11.3%	*-0.2%*	14.1%	0.1%	14.2%	0.1%

Source: Company data, Shinhan Securities Vietnam

Sabeco announced its Q4/2024 financial statements with net revenue reaching VND 8,933 billion (+4.85% YoY), mainly from the contribution of the beer segment with net revenue of VND 7,588 billion (+4.23% YoY) thanks to the increase of shopping activities in preparation for the Lunar New Year. In Q4, the beer segment's gross profit margin reached 32.3% (lower than 33.3% of Q3/2023 and 32.6% of the previous quarter) and the overall gross profit margin reached 28.0% (decreased 80 basis points YoY); causing gross profit to increase by only 1.75%, which is lower than revenue growth. Q4/2024's net profit reached VND 991 billion (+2.48% YoY).

Accumulated in 2024, Sabeco recorded full-year net revenue of VND 31,872 billion (+4.63% YoY) and after-tax profit of VND 4,494 billion (+5.64% YoY), completing 92.7% and 98.1% of the annual plan, respectively. Gross profit margin for the whole year decreased by 60 basis points compared to the same period, however, net profit margin increased slightly by 10 basis points to 14.1% thanks to the offset from the drop in selling expenses (the Selling expenses/net revenue ratio decreased from 14.7% in 2023 to 12.7% in 2024). At the same time, the management expenses/net revenue ratio remained stable at 2.6% during the year.

We forecast 2025 net revenue to reach VND 33,807 billion (+6.1% YoY) and NPAT to reach VND 4,795 billion (+6.7% YoY). The forecasted growth is higher as we expect (1) a better recovery in the domestic consumption market and (2) increased contribution from the off-trade channel as consumers shift their habits from on-site consumption to take-away in response to Decree 100. In fact, management shared that the company has gained more market share in 2024 and it mainly came from the modern trade (MT) channel. We also expect 2025 gross profit margin of beer segment to improve to 33.0% due to the full utilization of high-priced malt inventory and better cost management (management said they would make improvements in reducing can production costs). However, the recent increase in aluminum prices is a factor that needs further observation, we need to further assess the aluminum price trend and will update the impact in our upcoming reports.

Update some other information:

- On December 26, 2024, Sabeco announced that it had completed a public offering of 37.8 million shares at VND 22,000, increasing its ownership ratio to 65.9% and becoming the parent company of Saigon Binh Tay Beer (Upcom: SBB). This is a business known for its signature Sagota product, and owns 5 factories with a total capacity of more than 600 million liters/year. This acquisition is expected to help SAB increase its ability to expand its production line. The company will begin consolidating its financial statements in 2025.

- Sabeco shared that the company has developed a formula for non-alcoholic beer. The shift to non-alcoholic and low-alcoholic beer is a recent trend in the context of increasingly drastic Decree 100 implementation, however, the market size for this kind of product is still quite small. Therefore, the company has no plans to launch this product up until now.

Valuation and Recommendation

Recommend BUY with target price VND 68,600

We apply a combination of P/E and Discounted Cash Flow (DCF) valuation methods with the weights of 50% and 50%, respectively to value SAB. We update our recommendation to BUY for Saigon Beer-Alcohol-Beverage Corporation (SAB) with a target price of VND 68,600 per share, equivalent to a return of 32.9%.

Valuation method

Based on the P/E method, we collect data from businesses in the same industry with SAB operating in the country and in the Asia-Pacific region. The average P/E of businesses in the statistics (except SAB) is 19.7x and SAB's 5-year average historical P/E is 20.4x. Combined with our forward EPS of VND 3,520 we expect a 12-month SAB price target of VND 70,700.

Peer valuation

Ticker	Company name	P/E	Mkt Cap (USD mil)	EPS Growth (%)	ROA (%)	ROE (%)
002461 CH Equity	GUANGZHOU ZHUJIANG BREWERY-A	25.5	69,515	9.13	4.90	7.70
600132 CH Equity	CHONGQING BREWERY CO-A	20.1	92,074	5.53	7.17	62.11
HEIM MK Equity	HEINEKEN MALAYSIA BHD	17.27	41,871	-7.61	-6.72	112.12
CAB MK Equity	CARLSBERG BREWERY MALAYSIA	18.01	35,157	-6.28	1.40	146.82
MLBI IJ Equity	MULTI BINTANG INDONESIA PT	11.27	19,780	6.66	15.26	88.09
BHN VN Equity	HANOI BEER ALCOHOL & BEVERAGAGE	26.30	8,693	-7.71	-21.52	7.11
	Mean	19.7				
	SAB's 5-year average historical P/E	20.4				
	Target P/E	20.1				
	EPS 2025F (VND)	3,520				
	Target price (VND)	**70,700**				

Source: Bloomberg, Shinhan Securities Vietnam

For the Weighted Average Cost of Capital (WACC), we use the 10-year Vietnamese government bond yield at 3.1% as the risk-free rate. Beta is calculated based on the last historical data of SAB and VNINDEX. Based on those assumptions, SAB's FCFF target price is valued at VND 66,400.

Weighted Average Cost of Capital (WACC)

WACC (%)	**9.2%**
Risk-free rate (%)	3.1%
Equity risk premium (%)	8.4%
Beta	0.74
Debt cost (%)	7.0%
The cost of equity(%)	9.3%
Debt-to-equity ratio	0.01
Total debt (Billion VND)	414

Source: Company data, Shinhan Securities Company

FCF valuation

Unit: billion VND	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
Net profit	4,795	5,362	5,282	5,660	5,774
Plus: After-tax interest expense	23	28	27	30	31
Plus: Depreciation & Amortization	539	548	539	549	554
Minus: Change in working capital	(167)	3	216	(171)	(179)
Minus: CapEx	514	304	347	348	335
Free Cash Flow (FCF)	**5,010**	**5,631**	**5,285**	**6,062**	**6,203**
Discount rate	0.92	0.85	0.77	0.71	0.65
PV of FCF	21,800				
Growth rate	0%				
Present value of long-term value	43,826				
Enterprise value	65,626				
Debt	414				
Cash and cash equivalents	21,044				
Minority interest	1,155				
Number of shares outstanding (billion units)	1.28				
Target price (VND)	**66,400**				

Source: Company data, Shinhan Securities Company

Risks

1. Risk of raw material prices

SAB imports a number of raw materials for beer production such as barley, hops, and aluminum. The cost of imported raw materials accounts for about 40% of the cost of goods sold (COGS). These raw materials can be affected by many macro factors such as supply chain disruptions and increased logistics costs due to political fluctuations, rising oil prices, and global aluminum supply and demand. To cope with the risk of strong fluctuations in raw material costs, SAB has a policy of purchasing key raw materials 6-9 months in advance.

2. Risk of increasing excise task

The excise tax on beer is currently at 65% and on wine at 35-65% depending on the alcohol content. The Ministry of Finance has submitted a draft to increase excise tax on unhealthy products such as beer, wine, sugary drinks, etc. This draft will be approved at the May 2025 meeting and will be effective from January 2026. The draft roadmap for increasing excise tax is as follows.

Product	Effective tax rate	Option 1	Option 2
Wine from 20% ABV*	65%	Increase from 70% to 90% in the 2026-2030 period (increase 5% each year)	Increase from 80% to 100% in the 2026-2030 period (increase 5% each year)
Wine below 20% ABV	35%	Increase from 40% to 60% in the 2026-2030 period (increase 5% each year)	Increase from 50% to 70% in the 2026-2030 period (increase 5% each year)
Beer	65%	Increase from 70% to 90% in the 2026-2030 period (increase 5% each year)	Increase from 80% to 90% in the 2026-2030 period (increase 5% each year)
Spirits with sugar content over 5g/100ml	Not applicable	10%	10%

Source: Government, Shinhan Securities Vietnam

Among these two options, the Government is more in favor of option 2. According to this option, the selling price of alcohol and beer in 2026 will increase by about 10% compared to 2025, and increase by 2-3% compared to the previous year in the following years to ensure that product prices increase correspondingly with the inflation rate and income increase.

We cannot yet quantify the impact of the new tax law on the profits of businesses in the industry. However, we believe that the impact will likely be short-term, after which the industry will return to growth for three reasons: (1) Consumption trends and consumer behavior are not only affected by product prices but also by other factors such as demographics, regions, and culture; (2) Sabeco will pass on all the additional tax to consumers through increased selling prices.

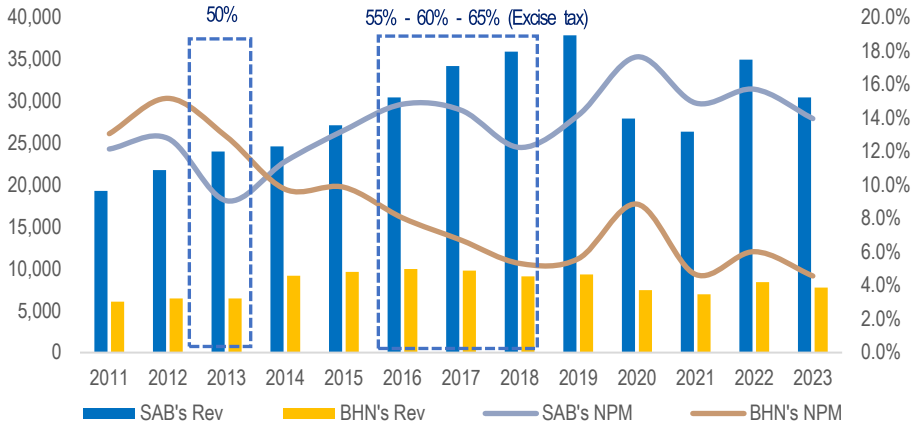
Vietnam has experienced 4 increases in excise tax on beer. The applicable tax rate was 45% in the period 2010-2012, then increased steadily to 50% from 2013, 55% from 2016, 60% from 2017 and 65% from 2018. When looking back at previous excise tax increases, we see that:

(1) With Sabeco (SAB), revenue was almost unaffected by the tax increase (excluding the impact of the COVID epidemic in 2020-2021), except for the 2014 revenue which did not grow, the 2016-2018 period still increased at a rate of 12%/12%/5% respectively. Net profit margin decreased during the tax increase years and then quickly recovered.

(2) Hanoi Beer (BHN) seems to be more heavily affected by the increase in excise tax. Revenue and profit margin both decreased during the tax increase period. Part of the reason is that BHN gradually lost ground in the market share race when it could not compete in the mid-range and high-end

segments.

Periods of increased excise tax



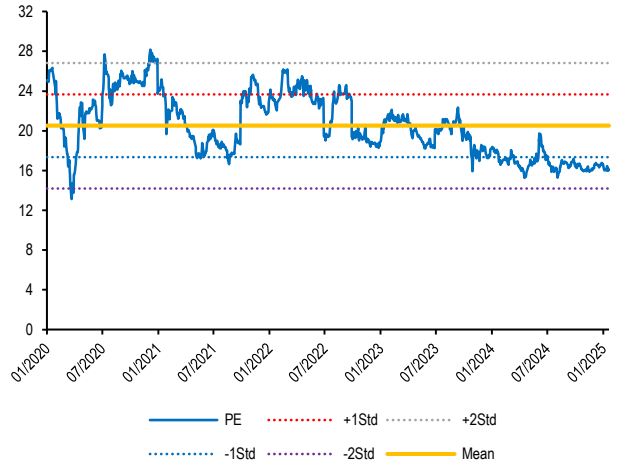
Source: Company data, Shinhan Securities Vietnam

3. Policy risk

Many policies have been issued by the State to prevent the impact of excessive alcohol consumption on society, as well as alcohol consumption by minors.

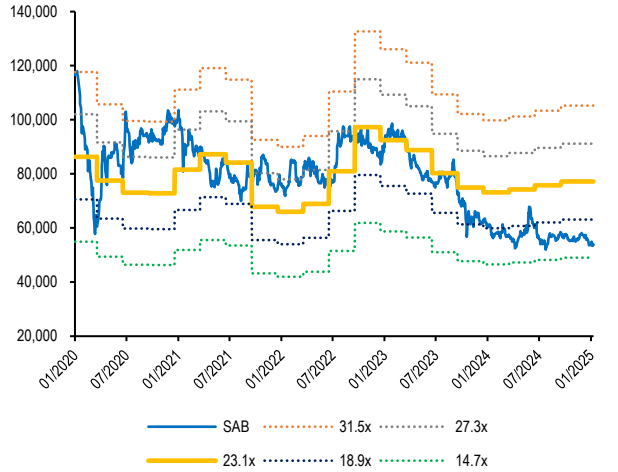
Decree 100/2019/ND-CP was issued in December 2019 on penalties for alcohol concentration violations while driving. After the decree, along with the impact of the Covid epidemic, SAB's revenue in 2020 decreased by 27% compared to 2019. Beer consumption in on-trade channels such as restaurants, hotels, and eateries decreased; at the same time, consumption through off-trade channels such as e-commerce,... increased. SAB has promoted consumption through this channel to offset the decline in the on-trade channel.

PER of SAB since 2020



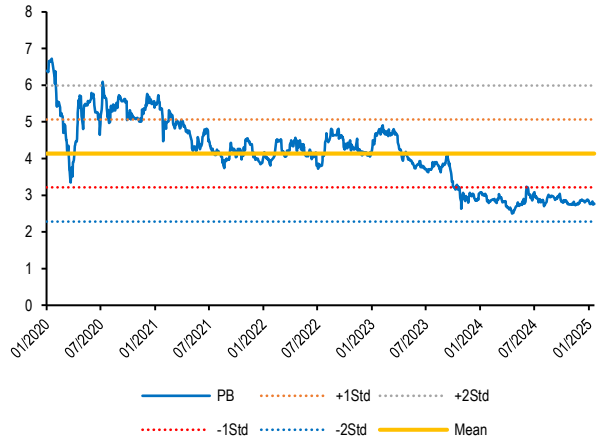
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER chart of SAB



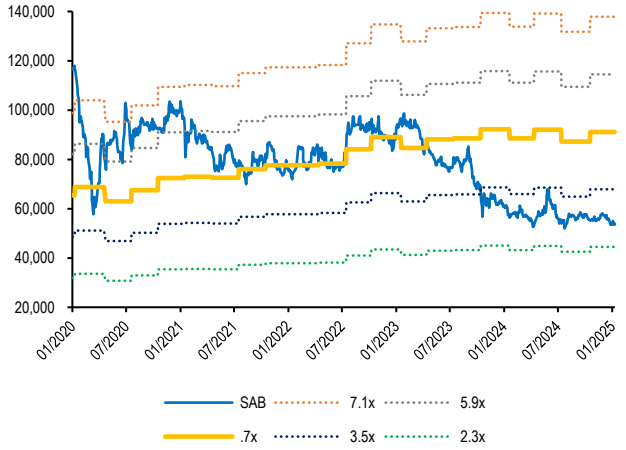
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR of SAB since 2020



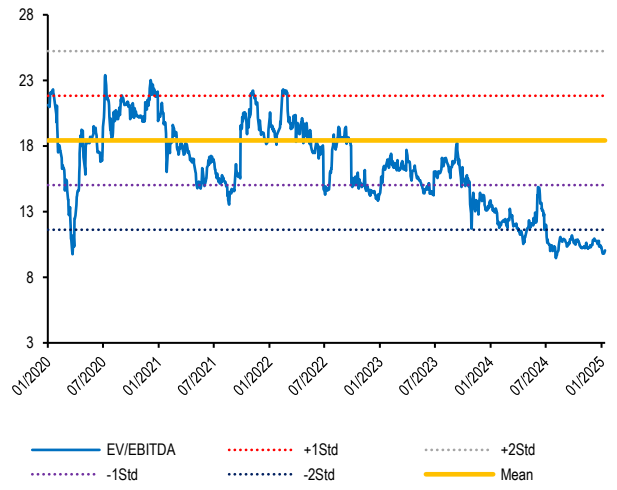
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR chart of SAB



Source: Bloomberg, Company data, Shinhan Securities Vietnam

EV/EBITDA of SAB since 2020



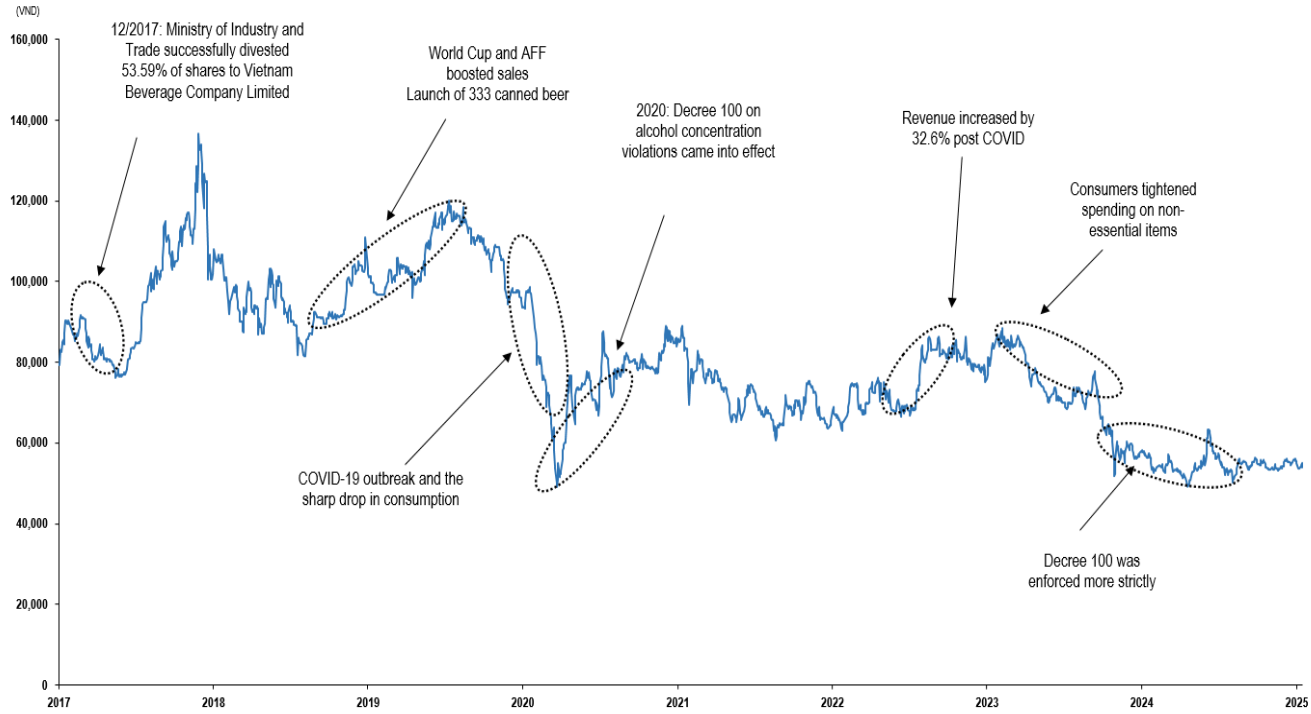
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Price and ROE of SAB



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of SAB



Source: Bloomberg, Company data, Shinhan Securities Vietnam

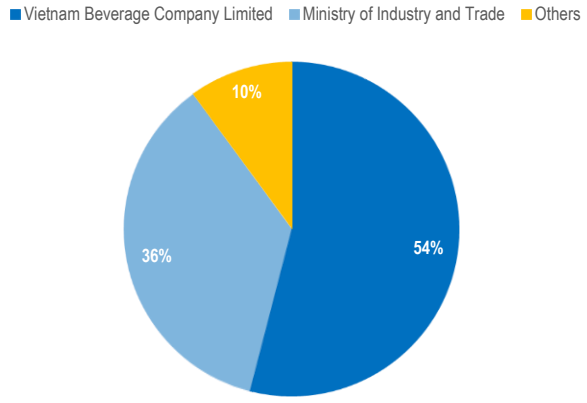
Company background

1. History of development

Saigon Beer - Alcohol - Beverage Corporation (HOSE: SAB) was originally a small brewery founded by the French in Saigon in 1875. By 2016, SAB was officially listed on HOSE. Over 145 years of history, Sabeco has brought Vietnamese beer to 38 countries and territories.

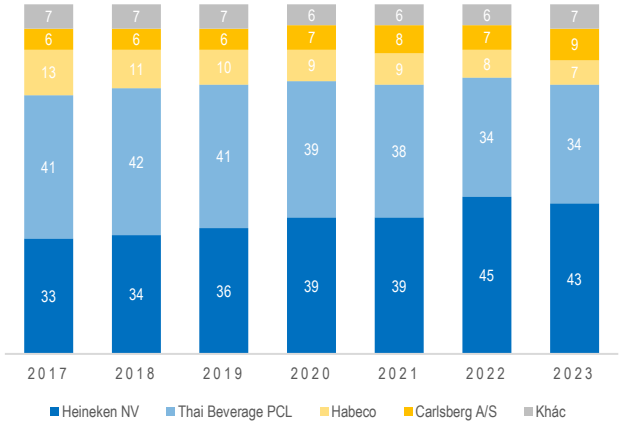
2017 marked a historic milestone for SAB when ThaiBev successfully acquired SAB with a value of up to USD 4.8 billion through Vietnam Beverage. This was the record deal of the Asian beer industry made up to that time. After the acquisition, SAB continued to grow and achieved revenue of up to VND 37,999 billion in 2019, before being affected by the Covid-19 pandemic and Decree 100/2019/ND-CP on penalties for alcohol content violations.

SAB's ownership structure at 10/02/2025



Source: Company data, Shinhan Securities Vietnam

Market share of beer in Vietnam (%)



Source: Euromonitor, Shinhan Securities Vietnam

SAB is one of the two leading enterprises in the beer industry in Vietnam. SAB's market share began to shrink from 2019 due to the expansion of Heniken Brewery. Heniken continuously launches new products such as Heniken Silver, Heniken zero-alcohol. Compared to competitors dominating the leading market share, SAB has the advantage of Vietnamese brands. Specifically, SAB is widely recognized through its product from mid-priced to premium with Vietnamese flavors such as 333 beer, Saigon Chill beer. Researching and launching high-end product lines helps businesses maintain their position and expand their market share.

2. Segments and products

The beer industry is divided into 4 segments: economy, standard, premium, and super-premium based on taste, quality, and price.

- Economy segment: Customers are mainly low-middle-class people with prices of less than 30,000 VND/liter (equivalent to 10,000 - 12,000 VND/can). Two prominent brands in this segment include Huda and Larue. There is also "bia hơi", which is produced mainly at home and distributed at restaurants and small eateries in rural and near-urban areas.

- Standard segment: Mainly middle-income workers with prices from 30,000 VND - 40,000 VND/liter. Major players in this segment include Habeco, Sabeco, Heineken, and Carlsberg. Products in the popular segment are widely distributed from urban to rural areas through on-trade and off-trade channels.

- Premium and super-premium segments: customers are mainly high-middle-income consumers with the selling price of about 40,000 VND/liter. The number of companies dominating the market share in this segment is not much, of which Heniken with Heineken and Tiger has a market share of about 68% and followed by Sabeco with Saigon Chill and Saigon Gold. Products in this segment are distributed mainly through on-trade channels at restaurants and hotels. However, with effective brand recognition and over a long period, high-end products of Heniken and Sabeco in this segment have reached consumers in both rural areas and in pubs.

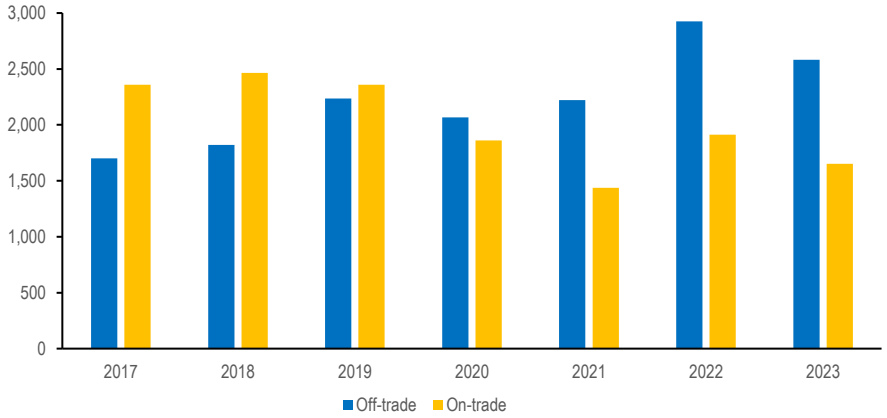
No.	Company	Target market	Main segments	Price (VND/can)	Products
1	Sabeco (SAB)	Southern Vietnam	Standard and premium	12,000 - 22,000	Saigon Export, Saigon Chill, Saigon Special Sleek, Saigon Gold
2	Habeco (BHN)	Northern Vietnam	Economy and standard	11,500 - 15,000	Hanoi Bold, Hanoi Light, bia hoi Hanoi, Hanoi Premium
3	Heniken	Central and Southern Vietnam	Standard and premium	15,000 - 22,000	Heniken Silver, Heniken Zero, Tiger Platinum
4	Carlsberg	Central Vietnam	Standard and premium	20,000 -21,000	Carlsberg Danish Pilsner

Source: Company data, Shinhan Securities Vietnam

In general, according to the increase in income, consumers tend to move from the affordable segment to the standard segment and from the standard segment to the premium segment. According to Euromonitor, premium beer is forecasted to grow at a compound rate of 12.7% in the period 2021-2026, higher than the growth of beer industry, at only 4%.

3. Distribution channels

Volume of beer by sales channels (million liters)



Source: Euromonitor, Shinhan Securities Vietnam

Regarding distribution channels, beer is consumed through two channels: on-trade consumption at pubs, restaurants, and hotels; and off-trade distribution channels at supermarkets, convenience stores and agents. Due to the collective culture, Vietnamese people prefer to consume beer at pubs. Therefore, before 2019, on-site consumption is the main beer distribution channel. However, with the development of e-commerce, the outbreak of the Covid-19 epidemic and Decree 100 on penalties for alcohol content violations, many businesses such as SAB and Heniken have launched online sales from 2021 to compensate partially the decrease in revenue at pubs and restaurants. Since then, the off-trade channel has surpassed the on-trade channel to become the main sales channel.

We expect the on-trade channel to be revived from 2024 thanks to the recovery in consumption, and at the same time, the off-trade channel will continue to grow as the decree on alcohol violations causes some consumers to switch to consume more at home.

Regarding the distribution system, Sabeco currently owns 26 breweries with a capacity of 2.4 billion liters/year and 11 trading companies nationwide, outperforming Heniken with only 6 breweries and 8 sales offices. The extensive distribution network from North to South is Sabeco's strength, helping to access pubs and restaurants on the on-trade channel. With the off-trade channel, Sabeco is currently present at convenience stores and many e-commerce sites from Tiki to Bach Hoa Xanh.

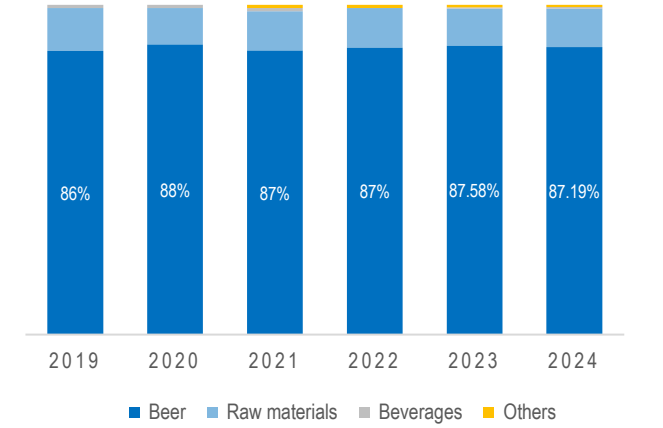
4. Structure of revenue, gross profit and operating expenses

Beer is SAB's main product, accounting for nearly 90% of revenue and 98% of gross profit. Sabeco mainly produces beer in two segments: standard and premium. The gross profit margin of the beer segment has improved over the years.

The packaging and materials segment is the packaging and input materials for beer, which are mainly traded with related parties. Therefore, although accounting for more than 10% of revenue, the gross profit margin for this segment is very low, only about 1%.

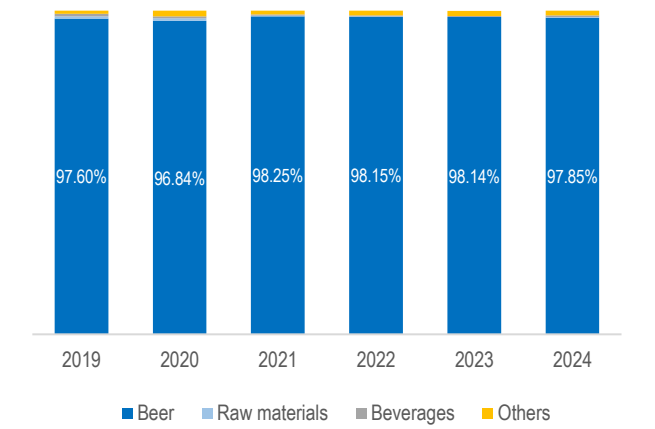
Beverages include carbonated water products and purified water. Although the average gross profit margin is at 25%, this segment's revenue only contributes a very small proportion (1% of total revenue).

SAB's revenue structure



Source: Company data, Shinhan Securities Vietnam

SAB's gross margin structure

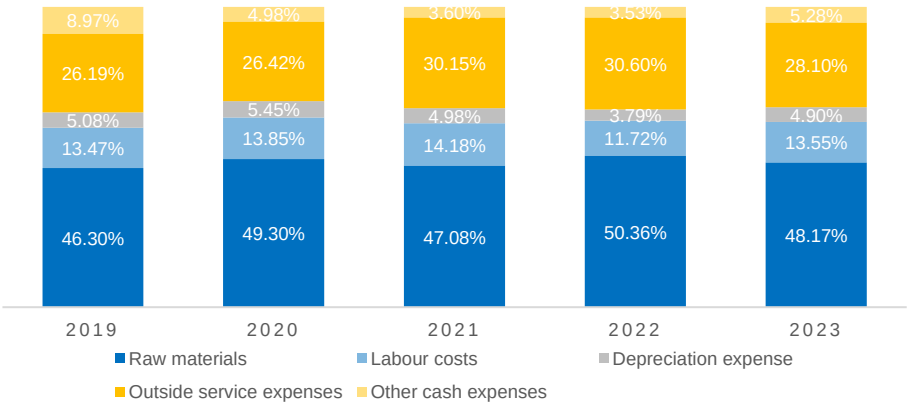


Source: Company data, Shinhan Securities Vietnam

In the operating cost structure, the cost of raw materials has the highest proportion, with about 46-50% of the total operating costs of the enterprise. In which, input materials including barley, hops and aluminum determine 38% of the cost of good sold and are imported by enterprises. Depending on the type, normally, enterprises make pre-clamation of raw materials from 6-9 months. Macro fluctuations such as the Russia-Ukraine war pushed raw material prices up in 2022. However, the pre-ordering of raw materials from 2021 contributed to improving the 2022 gross profit margin of the beer segment to 35%, the highest in the past 10 years.

External expenses are mainly composed of selling expenses. Selling expenses in food and beverage businesses often account for a high proportion because of the increasingly fierce competition in this field. Therefore, brand recognition is one of the important factors to maintain revenue and market share. At Sabeco, selling expenses at SAB remained around 12% of revenue.

SAB's operating costs structure



Source: Company data, Shinhan Securities Vietnam

Appendix : Financial statements

Statement of financial position

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Total assets	**34,465**	**34,056**	**33,440**	**34,473**	**35,776**
Current assets	26,860	26,553	25,067	26,032	27,464
Cash & equivalents	4,069	5,040	4,478	3,472	2,909
Short-term financial asset	19,411	17,741	16,566	18,675	20,120
Accounts receivable	898	1,229	1,818	1,365	1,671
Inventories	1,447	1,668	2,194	2,318	1,979
Others	1,035	875	11	202	785
Non-current assets	7,605	7,503	8,373	8,441	8,312
Net fixed assets	4,455	3,970	3,593	3,453	3,084
Investment assets	134	144	122	249	385
Other long-term assets	3,150	3,533	4,780	4,988	5,228
Total liabilities	**9,874**	**8,571**	**9,002**	**9,173**	**9,871**
Current liabilities	9,214	8,225	8,657	8,832	9,533
Accounts payable	2,766	2,476	2,642	2,742	2,984
Short-term borrowings	659	530	245	282	311
Others	5,789	5,219	5,770	5,808	6,238
Non-current liabilities	660	347	345	341	338
Long-term borrowings	374	171	169	166	163
Other financial liabilities	286	176	176	175	175
Total shareholders' equity	**24,591**	**25,485**	**24,437**	**25,300**	**25,905**
Capital stock	6,413	12,826	12,826	12,826	12,826
Capital surplus	0	0	0	0	0
Other capital	2,613	2,442	2,393	2,567	2,760
Retained earnings	15,565	10,217	9,218	9,907	10,319
Non-controlling interest equity	1,275	1,373	1,451	1,273	1,155
*Total debt	1,033	701	414	448	474
*Net debt (cash)	(22,447)	(22,080)	(20,630)	(21,699)	(22,555)

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Revenue	**34,979**	**30,461**	**31,872**	**33,807**	**36,482**
Growth (%)	32.6	-12.9	4.6	6.1	7.9
COGS	**(24,208)**	**(21,370)**	**(22,554)**	**(23,837)**	**(25,648)**
Gross profit	10,771	9,091	9,318	9,970	10,834
GPM (%)	30.8	29.8	29.2	29.5	29.7
SG&A	**(5,273)**	**(5,280)**	**(4,881)**	**(5,206)**	**(5,619)**
Operating profit	**5,498**	**3,811**	**4,437**	**4,764**	**5,215**
Growth (%)	56.6	(30.7)	16.4	7.4	9.5
OPM (%)	15.7	12.5	13.9	14.1	14.3
Non-operating profit	**1,316**	**1,560**	**1,209**	**1,260**	**1,521**
Financial income	1,091	1,433	1,067	1,153	1,436
Financial expense	(82)	(73)	(25)	(48)	(48)
In which: interest expenses	(46)	(50)	(27)	(29)	(35)
Net other non-operating profit	307	200	167	155	133
Pre-tax profit	6,813	5,370	5,647	6,024	6,736
Income tax	(1,314)	(1,115)	(1,153)	(1,229)	(1,374)
Net profit	**5,499**	**4,255**	**4,494**	**4,795**	**5,362**
Growth (%)	40.0	(22.6)	5.6	6.7	11.8
NPM (%)	15.7	14.0	14.1	14.2	14.7
Controlling interest	5,224	4,118	4,330	4,622	5,169
Non-controlling interest	275	137	164	173	193
EBIT	**6,859**	**5,420**	**5,674**	**6,053**	**6,771**
Growth (%)	39.8	(21.0)	4.7	6.7	11.9
EBIT Margin (%)	19.6	17.8	17.8	17.9	18.6
EBITDA	**7,420**	**5,990**	**6,223**	**6,592**	**7,319**
Growth (%)	35.8	(19.3)	3.9	5.9	11.0
EBITDA margin (%)	21.2	19.7	19.5	19.5	20.1

Statement of cash flow

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Cash flow from operations	**4,377**	**1,941**	**4,245**	**4,312**	**4,435**
Net profit	6,813	5,370	5,647	6,024	6,736
Depreciation expense	561	570	549	539	548
(Gain) from investing activities	(1,031)	(1,626)	(1,249)	(1,121)	(1,408)
Change in working capital	(199)	(1,109)	574	167	(3)
Others	(1,767)	(1,264)	(1,276)	(1,297)	(1,438)
Cash flow from investments	**(1,867)**	**2,716**	**137**	**(1,502)**	**(341)**
Change in fixed assets	(529)	(282)	(292)	(514)	(304)
Change in investment assets	(2,352)	1,634	(121)	(2,109)	(1,445)
Others	1,014	1,364	550	1,121	1,408
Cash flow from financing	**(2,048)**	**(3,684)**	**(4,944)**	**(3,816)**	**(4,657)**
Change in equity	-	-	-	-	-
Net borrowing	371	(330)	(285)	34	26
Dividends	(2,419)	(3,354)	(4,659)	(3,850)	(4,683)
Change in total cash	**462**	**973**	**(562)**	**(1,006)**	**(563)**
Beginning cash	3,606	4,069	5,040	4,478	3,472
Change in FX rates	1	(2)	-	-	-
Ending cash	4,069	5,040	4,478	3,472	2,909

Source: Company data, Shinhan Securities Vietnam

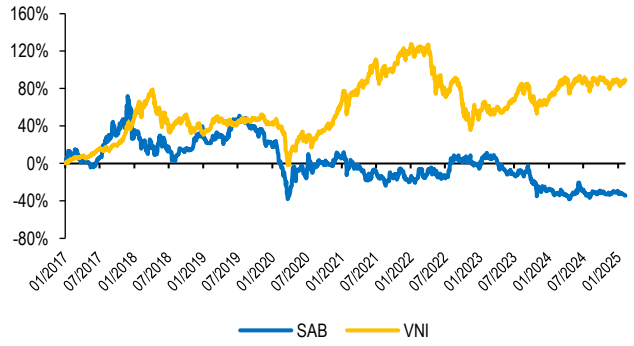
Key ratios

Year	2022	2023	2024F	2025F	2026F
EPS (VND)	7,980	3,132	3,291	3,520	3,948
BPS (VND)	36,083	18,877	18,152	18,690	19,011
DPS (VND)	1,890	2,620	3,640	3,008	3,659
PER (x)	9.0	18.0	17.0	19.0	17.0
PBR (x)	2.1	1.9	3.6	3.8	3.7
EV/EBITDA (x)		11.0	10.5	10.0	9.0
Dividend payout ratio (%)	61.4	70.1	118.5	83.3	90.6
Dividend yield (%)	1.5	2.1	2.9	2.4	3.0
Profitability					
EBITDA margin (%)	21.2	19.7	19.5	19.5	20.1
OPM (%)	15.7	12.5	13.9	14.1	14.3
NPM (%)	15.7	14.0	14.1	14.2	14.7
ROA (%)	16.0	12.5	13.4	13.9	15.0
ROE (%)	22.4	16.7	18.39	19.0	20.7
Stability					
Debt to equity ratio (%)	4.2	2.8	1.7	1.8	1.8
Net debt ratio (%)	(302.5)	(368.6)	(331.5)	(329.2)	(308.2)
Cash ratio (%)	254.8	277.0	243.1	250.8	241.6
Interest coverage ratio (x)	149.1	108.4	210.1	208.7	193.5
Activity (%)					
Working capital turnover (days)	38.1	44.5	42.1	40.7	40.4
Inventory turnover (days)	30.4	39.8	35.9	33.5	35.0
Receivable turnover (days)	2.3	4.8	5.2	4.7	4.7

Source: Company data, Shinhan Securities Vietnam

SAB Corp. (SAB VN)

Share performance



Target price



Date	Rating	Target price (VND)	Target price gap (%) Average	Max/Min
18/08/2023 (Initation)	BUY	182,700	-0.2	-12.4/13.2
22/02/2024 (Update)	BUY	73,900	1.2	-25.6/25.1
14/05/2025 (Update)	BUY	68,600	-1.2	8.1/39.8

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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