

Industrial real estate

Prepare to welcome the eagle



Tien Le

☎ (84-28) 6299-8029

✉ tien.ld@shinhan.com



Content

Industrial real estate – Prepare to welcome the eagle

1. Overview of industrial real estate

Industrial real estate has seen steady growth over the years with stable rental prices

2. Potential of industrial real estate

The prospect of infrastructure development and the shift of foreign capital flows will contribute to the strong development of industrial real estate.

3. Industrial real estate outlook

Industrial real estate is expected to continue to develop with the increase in rental prices and high absorption rates.

4. Stock pick

BCM, KBC, IDC, SZC – Benefiting from FDI recovers and strong infrastructure investment

01

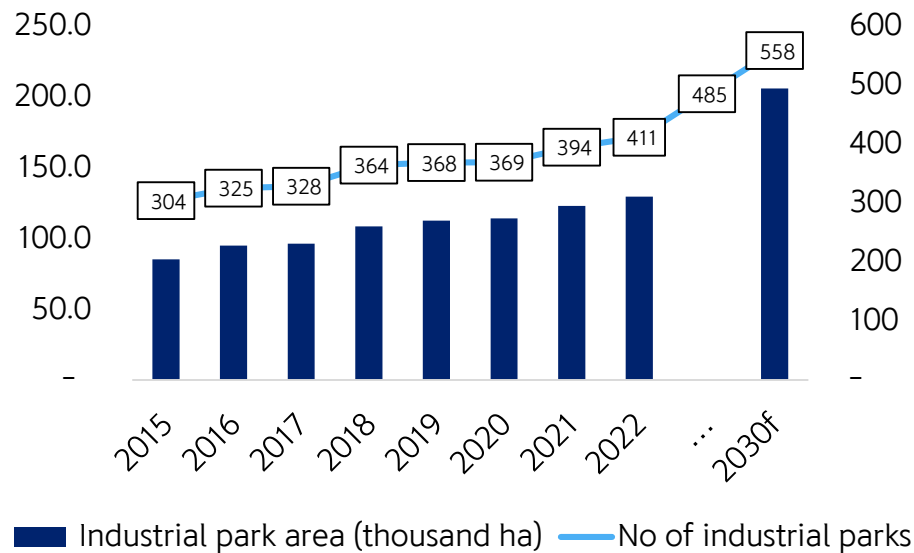
Overview of industrial real estate

Industrial real estate has had stable development over the years. FDI capital flows into Vietnam continue to grow, creating a foundation for industrial real estate development.

Overview of the industrial real estate market

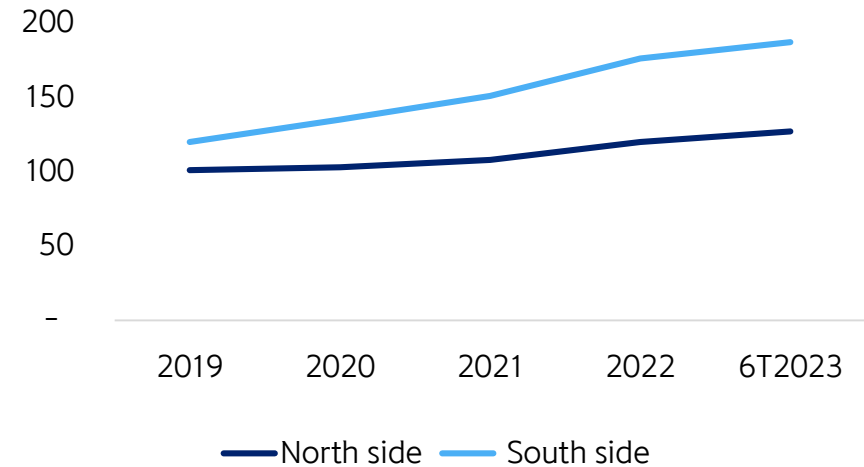
Industrial real estate continues to develop with the increase in price and land area

Number and area of industrial parks 2015 – 2030



Source: Ministry of Planning and Investment, Shinhan Securities Vietnam

Industrial park land price from 2019 – 6M/2023 (USD/m²/cycle)



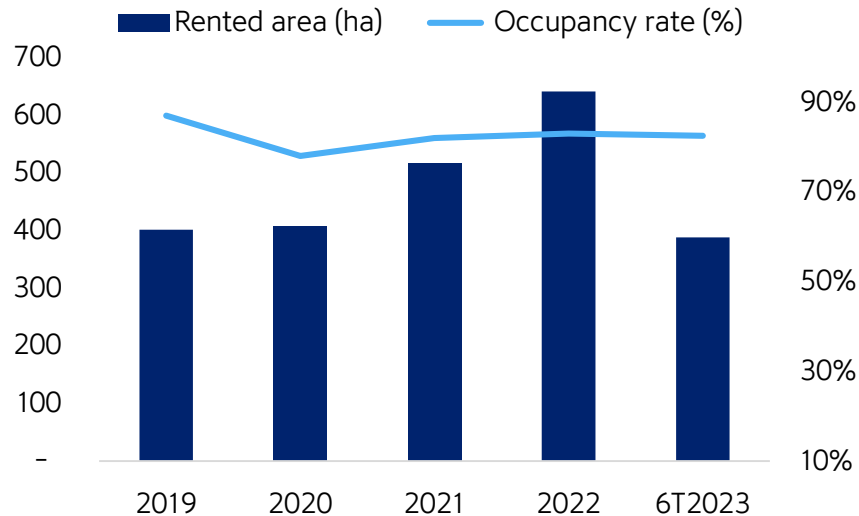
Source: CBRE, Shinhan Securities Vietnam

- By the end of 2022, the country had 411 industrial parks established with a total area of about 129.3 thousand hectares, the average occupancy rate in industrial parks was 80%. Industrial parks are concentrated mainly in the South (mainly in: Ho Chi Minh, Binh Duong, Long An, Dong Nai, Ba Ria Vung Tau) and the North (mainly in: Hanoi, Hai Phong, Bac Ninh, Hai Duong, and Hung Yen). According to the government's plan, by 2030, the country will have about 558 industrial parks with a total area of more than 200 thousand hectares.
- Industrial real estate continues to show its appeal with industrial land prices increasing by about 10% annually. The average land price of an industrial park in the South is about USD 187/m²/cycle, and the average land price in the North is about USD 127/m²/cycle.

Overview of the industrial real estate market

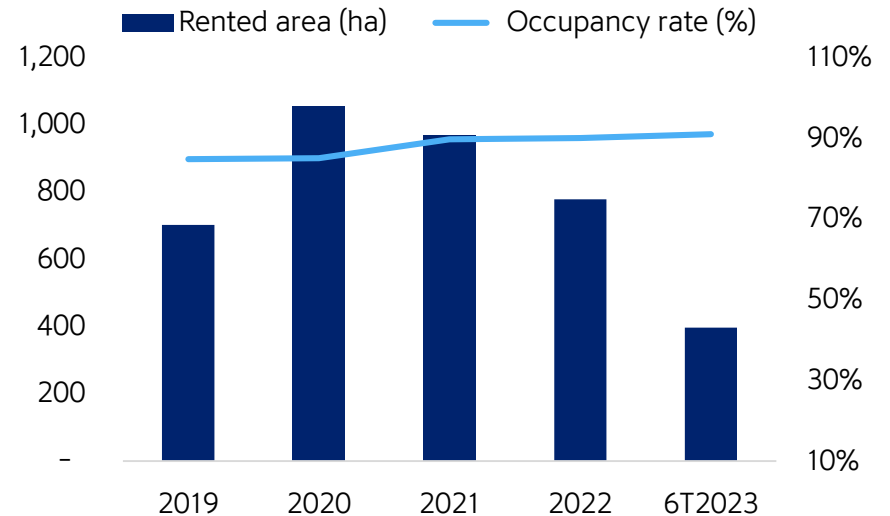
The absorption rate of industrial park land continues to remain high for both North and South regions

Rented area and occupancy rate of Industrial Park from 2019 – 6M/2023 in the North



Source: CBRE, Shinhan Securities Vietnam

Rented area and occupancy rate of Industrial Park from 2019 – 6M/2023 in the South



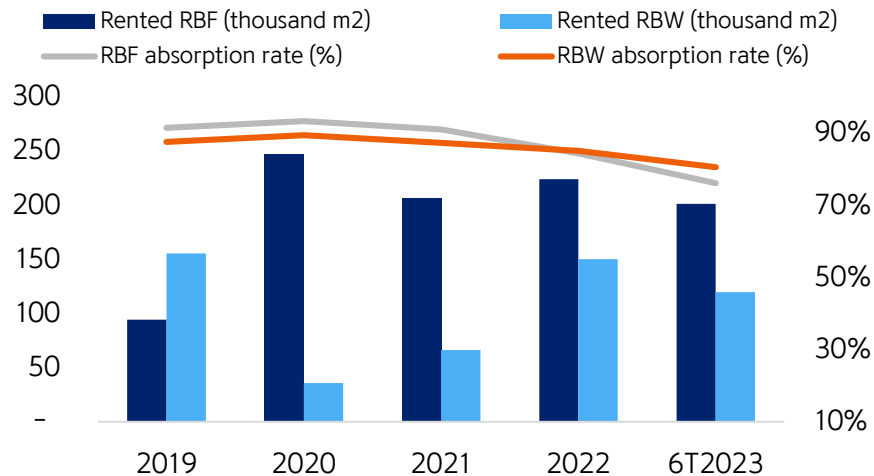
Source: CBRE, Shinhan Securities Vietnam

- Compared to 6M/2022, the rented land in the South increased by 20%, while in the North it increased by 60%. The average occupancy rate in the North and South continues to remain high, with the North reaching about 80% and the South reaching about 90%. In provinces such as Hanoi, Dong Nai, Hai Phong, Bac Ninh, and Ho Chi Minh City, many industrial parks are fully filled.
- The high absorption of new industrial land and high occupancy rate shows the potential for development in industrial parks despite the weak economic situation and freezing real estate market.

Overview of the industrial real estate market

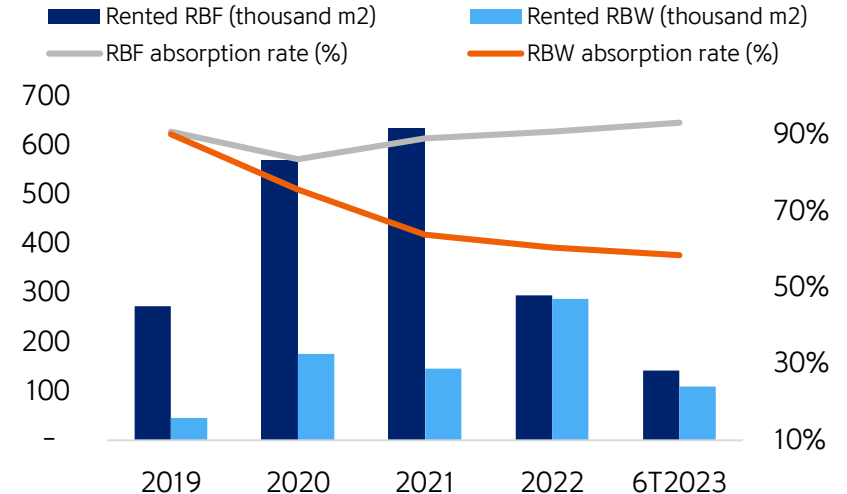
Demand for warehouses/Ready-built factories remains high, with good absorption rate

Absorption area and occupancy rate of RBW/RBF from 2019 - 6M/2023 in the North



Source: CBRE, Shinhan Securities Vietnam

Absorption area and occupancy rate of RBW/RBF from 2019 - 6M/2023 in the South



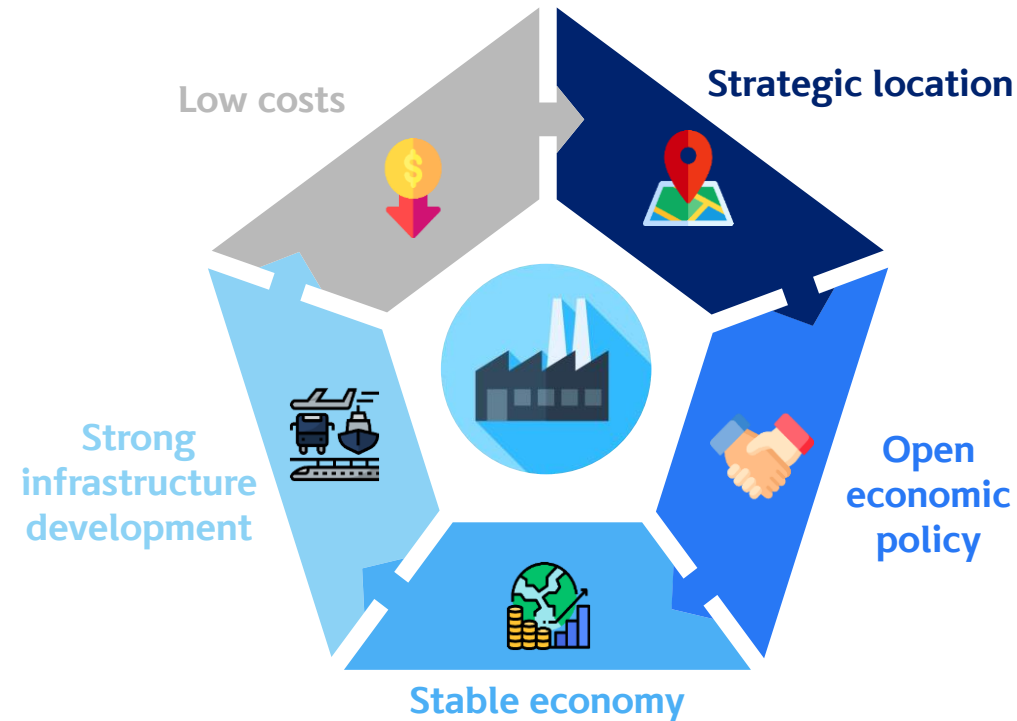
Source: CBRE, Shinhan Securities Vietnam

- The boom in e-commerce has fueled strong demand growth in ready-built warehouses (RBW) and ready-built factories (RBF). The average growth rates of RBF and RBW were about 23% and 22% respectively in the period 2019 - Q2/2023.
- In the North, the absorption rate of RBF and RBW reached about 80%. Meanwhile, in the South, the absorption rate of RBW and RBF is different, with the absorption rate of RBF reaching over 90%, while the occupancy rate of RBW reaches over 60% in the South.
- The modern, integrated design of RBF and RBW, which makes it appropriate for light industries and supporting industries, is expected to lead to an increase in consumption demand. At the same time, there will be a high need for warehouses due to the potential growth of e-commerce.

Overview of the industrial real estate market

Advantages of industrial park real estate

- ✓ **Strategic location:** Vietnam has an important strategic position on the international freight route in transporting goods from Asia to all over the world.
- ✓ **Open economic policy:** Vietnam has signed many FTA agreements with countries around the world to facilitate import and export. Open economic policy allows countries that set up factories in Vietnam to easily export to all over the world.
- ✓ **Stable economy:** The developing economic situation and stable politics contribute to attracting countries to invest in Vietnam
- ✓ **Strong infrastructure development:** The government's promotion of public investment and upgrading infrastructure will contribute to the effectiveness economy, reducing transportation costs and saving time. This creates favorable conditions for attracting FDI enterprises.
- ✓ **Low costs:** Land rental prices, labor prices and electricity prices in Vietnam are among the lowest in Southeast Asia. Thereby creating a special competitive advantage to attract countries around the world to invest in Vietnam.



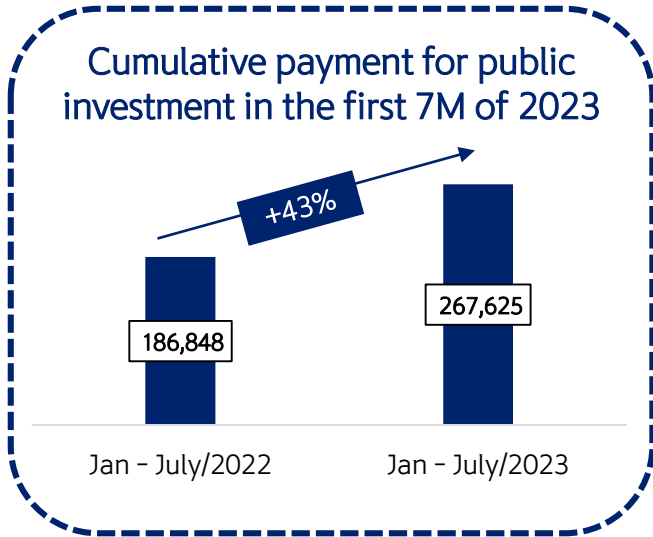
02

Potential of industrial real estate

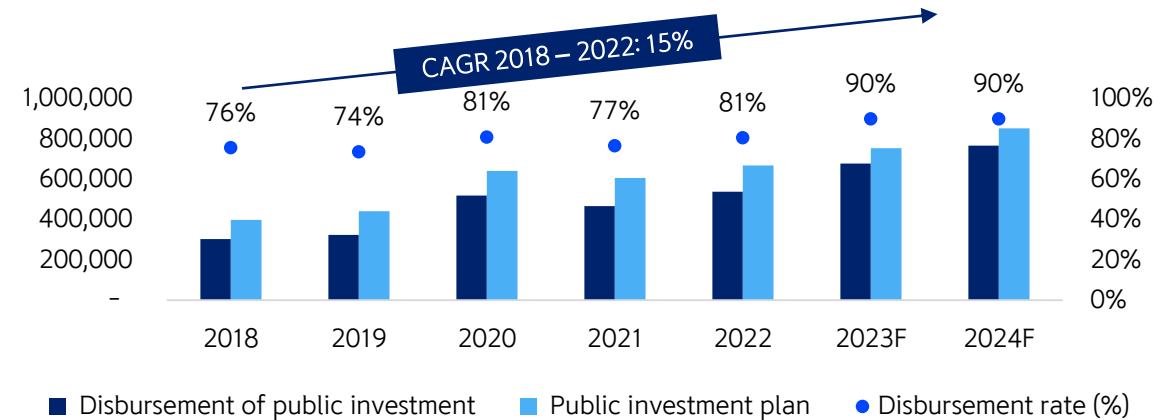
The prospect of infrastructure development and the shift of foreign capital flows, especially the US market, contributing to the strong development of industrial real estate.

Potential of industrial real estate

Strong public investment contributes promoting infrastructure development



Disbursement of public investment in the period 2018 - 2023 (billion VND)



Source: Ministry of Finance, Shinhan Securities Vietnam

- The Ministry of Finance's report showed that the estimated disbursement of public investment from January to July of 2023 was VND 267,625 billion (+43% YoY). The disbursement rate reached 35.49% compared to the plan, higher than 31.61% in the first 7 months of 2022.
- Based on Resolution No. 29/2021/QH15, with a total plan for the period 2021 - 2025 of VND 2.87 quadrillion, we estimate that the disbursement plan in 2024 will reach more than VND 800 trillion, an increase of approximately 13% compared to 2023, the disbursement rate is expected to be maintained at 90% according to the government's target.
- The year 2024 is considered to be an important year in developing infrastructure when important infrastructure projects such as North-South Expressway Phase 2, Ring Road 3, Ring Road 4, and Long Thanh Airport Phase 1 completed bidding and began construction in 2023.

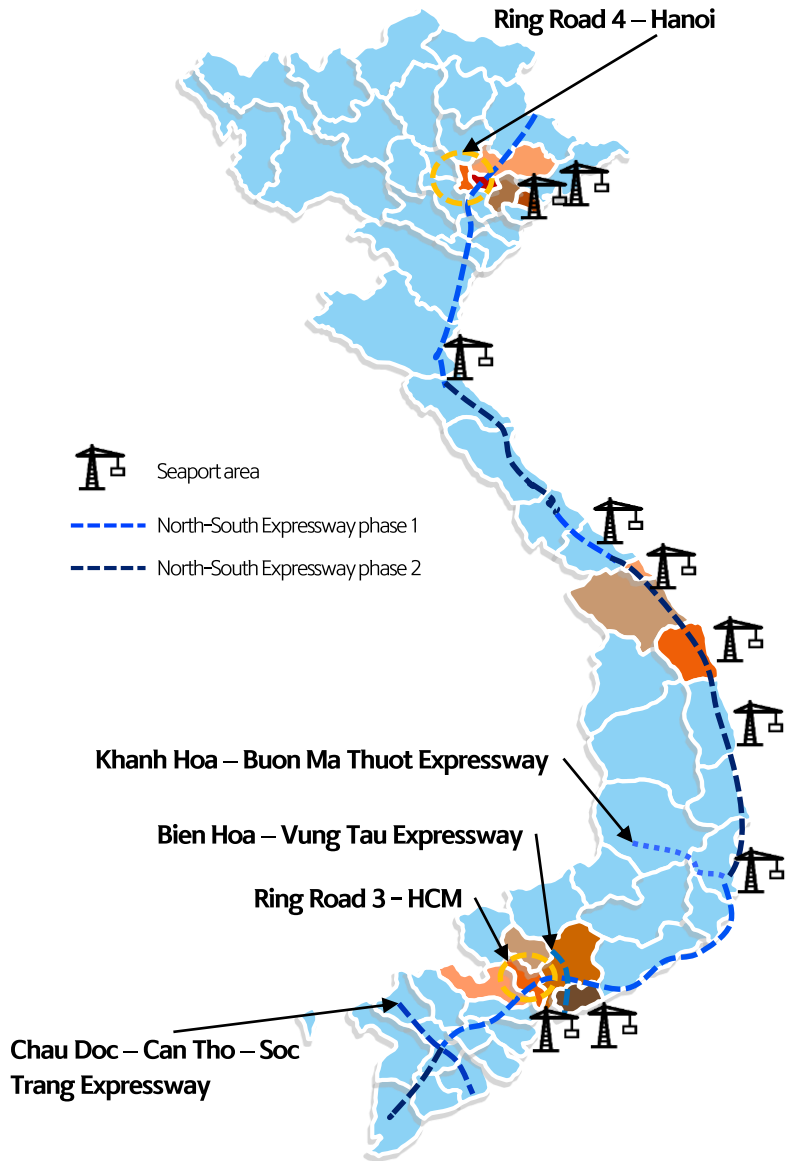
Potential of industrial real estate

The main projects in the period 2022 - 2025 have completed bidding and will be under construction in 2023.

Name of project	Period	Total investment (billion VND)	Investment status of projects
North - South Expressway phase 1	2017 – 2024	118,716	9/11 highway projects were completed. The Dien Chau-Bai Vot and Cam Lam-Vinh Hao projects will be completed in 2024.
North - South Expressway phase 2	2023 – 2025	146,990	All 12 projects of phase 2 have completed bidding and begun construction in 2023.
Ring Road 3 (Ho Chi Minh)	2022 – 2026	75,378	The project has cleared 92% of the site area, 4/14 bidding packages have begun construction from June 2023, the remaining bidding packages will complete contractor selection procedures in 2023.
Ring Road 4 (Hanoi)	2022 – 2026	85,813	The project has cleared 86.68% of the site area. On June 25, the governments of Hanoi, Bac Ninh, and Hung Yen jointly started construction on Ring Road 4.
Long Thanh Airport phase 1	2020 – 2025	114,451	The project has selected a contractor for package 5.10 on the construction and installation of passenger terminal equipment. A number of other important packages have also signed contracts and will be constructed in 2023.

Source: Ministry of Transport, Shinhan Securities Vietnam

Potential of industrial real estate



Northern Industrial Park

Ha Noi	
Hai Phong	
Bac Ninh	
Hai Duong	
Hung Yen	



- Land area (ha): 10,930
- Average price (m²/rental period): USD 85 – 175
- Absorption rate: ~79.3%
- RBF area (m²): 2,458,543
- Average price (m²/tháng): USD 3.7 – 7.0
- Absorption rate: ~90.9%
- RBF area (m²): 1,738,103
- Average price (m²/tháng): USD 2.8 – 7.2
- Absorption rate: ~80.3%

Central Industrial Park

Da Nang	
Quang Nam	
Quang Ngai	



- Land area (ha): 7,748
- Average price (m²/rental period): USD 33.5 – 97
- Absorption rate: ~64.1%
- RBF area (m²): 90,568
- Average price (m²/tháng): USD 2.5 – 4.0
- Absorption rate: ~53%
- RBF area (m²): 242,390
- Average price (m²/tháng): USD 1.5 – 3.3
- Absorption rate: ~82.1%

Southern Industrial Park

Ho Chi Minh	
Binh Duong	
Dong Nai	
Vung Tau	
Long An	



- Land area (ha): 28,251
- Average price (m²/rental period): USD 95 – 286
- Absorption rate: ~86.7%
- RBF area (m²): 4,568,393
- Average price (m²/tháng): USD 3.0 – 7.5
- Absorption rate: ~74.7%
- RBF area (m²): 1,738,103
- Average price (m²/tháng): USD 2.8 – 7.2
- Absorption rate: ~82.5%

Source: JLL, Ministry of Transport, Shinhan Securities Vietnam

Potential of industrial real estate

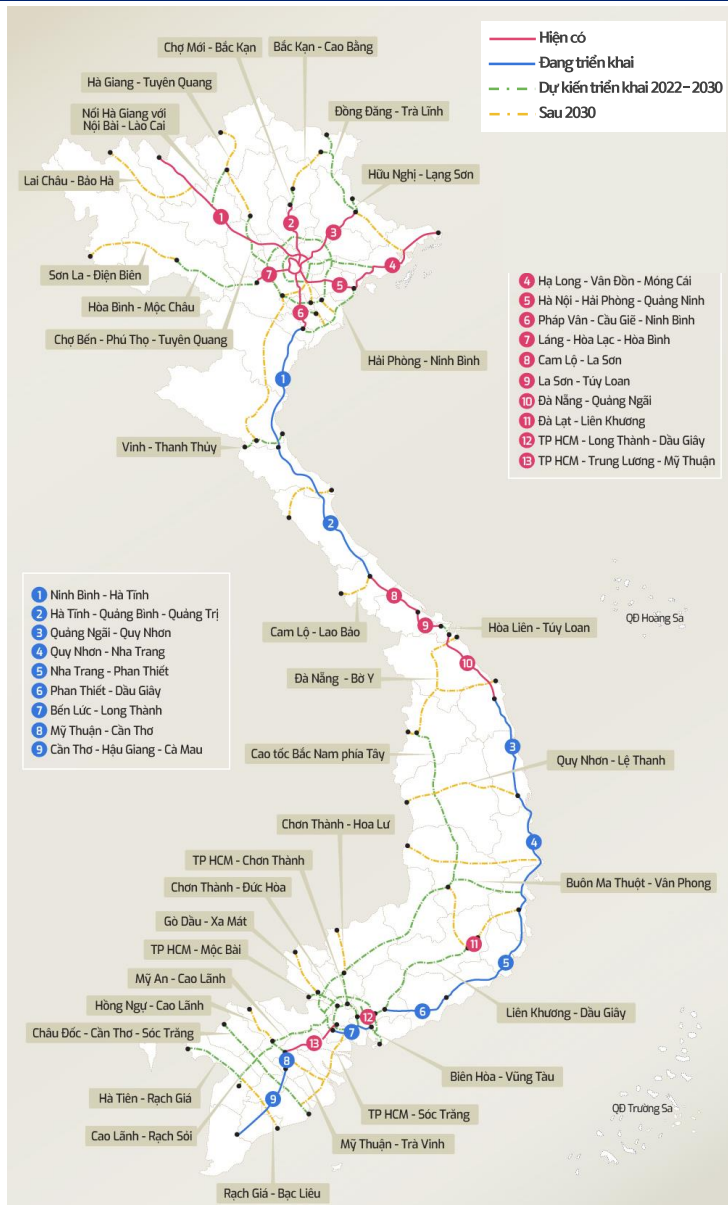
Infrastructure projects contribute to the development of industrial parks Investment prospects for infrastructure projects are promising in for the period 2020 – 2030

- Between 2021 and 2030, 1,874 trillion VND will be allocated to infrastructure projects all around the nation. It includes 48% of the state budget for road infrastructure.
- Statistics show that 1,163 km of roadways were built and placed into use nationwide between 2000 and 2021. By 2025, the entire nation will have around 3,000 km of highways, more than doubling the existing total. By 2030, the government plans to achieve 5,000 km of highways.

Infrastructure projects help the economy connect effectively, contributing to attracting FDI capital

- Infrastructure projects play an important role in attracting foreign companies to invest in facilities in Vietnam. Promoting infrastructure investment will help connect the economy better. Thereby, increasing efficiency in transporting goods and raw materials domestically, promoting production efficiency, and minimizing costs. In addition, developed infrastructure will support connections with important seaports and airports, helping to boost imports and exports.

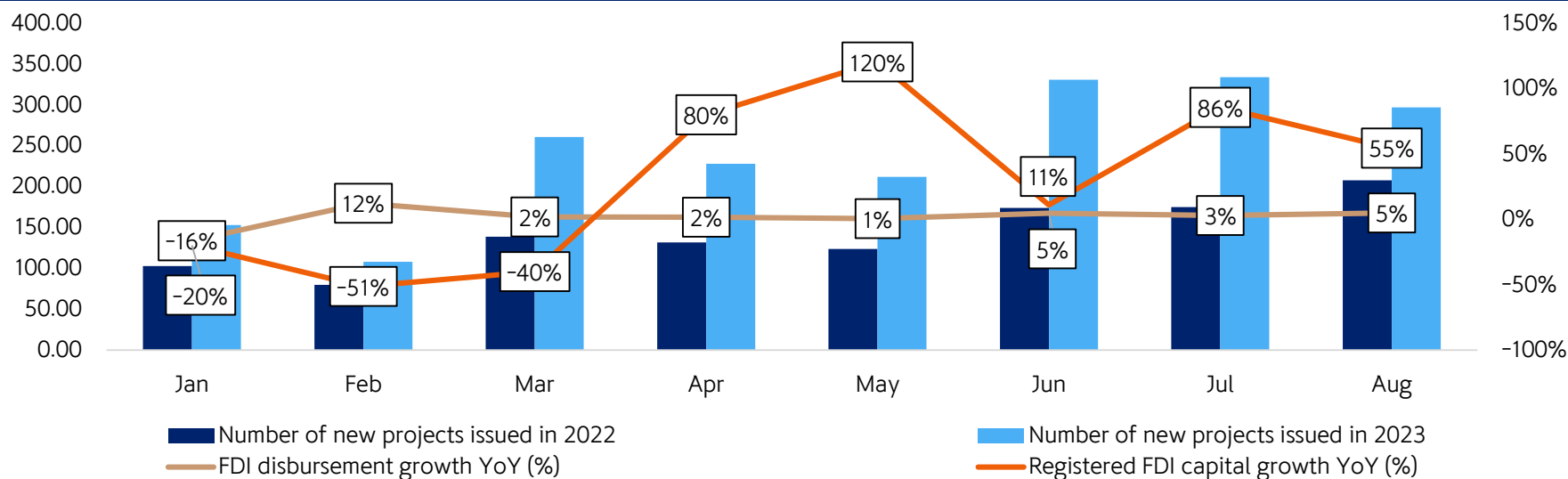
Source: Ministry of Transport, Shinhan Securities Vietnam



Potential of industrial real estate

Registered FDI inflows have grown again since April 2023

FDI registration and disbursement in the first 8 months of 2022 and 2023



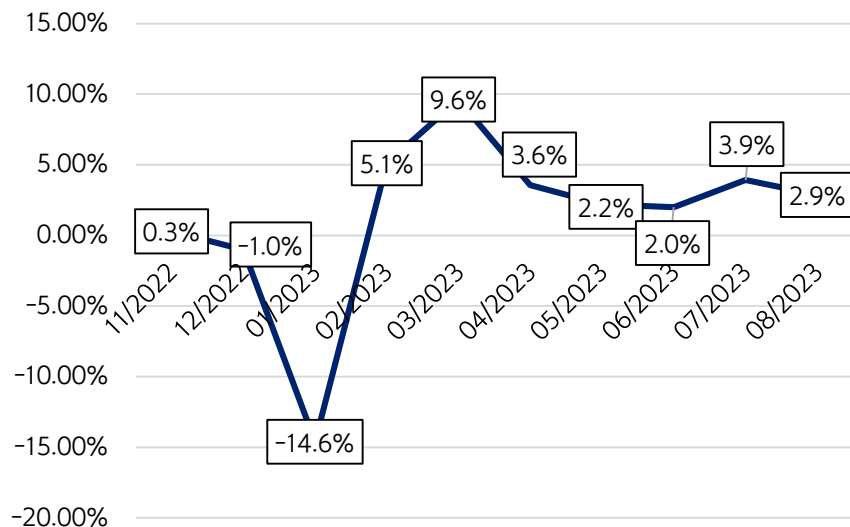
Source: Fiinpro, Shinhan Securities Vietnam

- The registered FDI capital grew again after a decline in 6M/2023, the amount of registered FDI capital has increased again and recorded outstanding growth in the second and third quarters with an increase grew more than 50% YoY. Cumulatively for the first 8 months of the year, the amount of disbursed FDI capital reached USD 13,100 million (+1% YoY), and the amount of registered FDI capital reached USD 18,146 million (+8% YoY).
- The number of new FDI projects in 2023 is also much higher than the previous year, cumulatively in the first 8 months of the year, the country recorded 1,924 projects, an increase of 69.5% YoY in the number of projects.
- Provincial authorities have been active in organizing investment promotion seminars, inviting investors and large businesses from abroad. Thereby contributing to promoting FDI capital to continue flowing into Vietnam.

Potential of industrial real estate

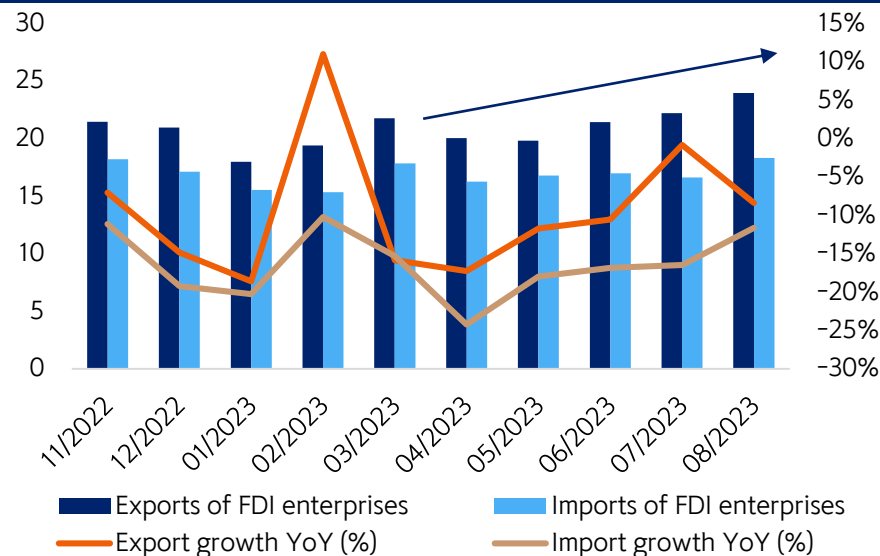
Production situation of FDI enterprises in Vietnam

Industrial production index - IIP (%)



Source: Fiinpro, Shinhan Securities Vietnam

Import-export FDI enterprises 11/2022 – 08/2023 (USD billion)



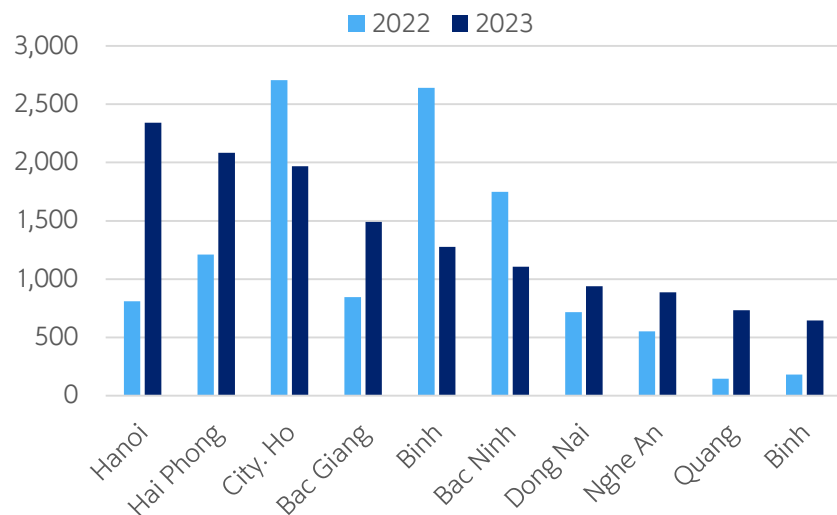
Source: Fiinpro, Shinhan Securities Vietnam

- The industrial production index returned to positive since February 2023, which shows that the production situation improved compared to the previous year. This shows that the production activities of enterprises in general and FDI in particular are gradually recovering after the decline.
- Cumulative exports of FDI enterprises reached USD 167 billion, down 10% compared to 2022. Although the export situation is lower than last year, the export value of FDI enterprises improved gradually from May 2023
- The recovering business situation of FDI enterprises in Vietnam continues to be the premise for new capital flows to continue flowing into Vietnam.

Potential of industrial real estate

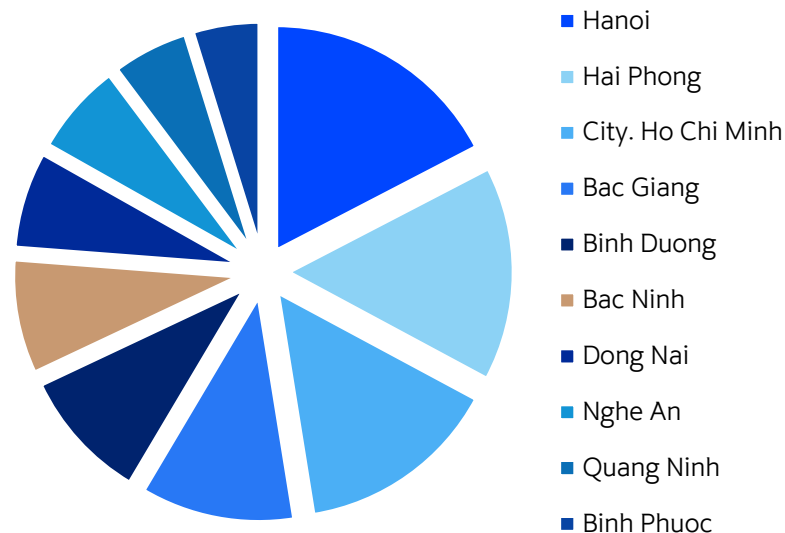
Top provinces and cities receiving investment from FDI capital

Top 10 localities receiving FDI capital accumulated for 8 months (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Top 10 localities receiving FDI capital accumulated for 8M2023



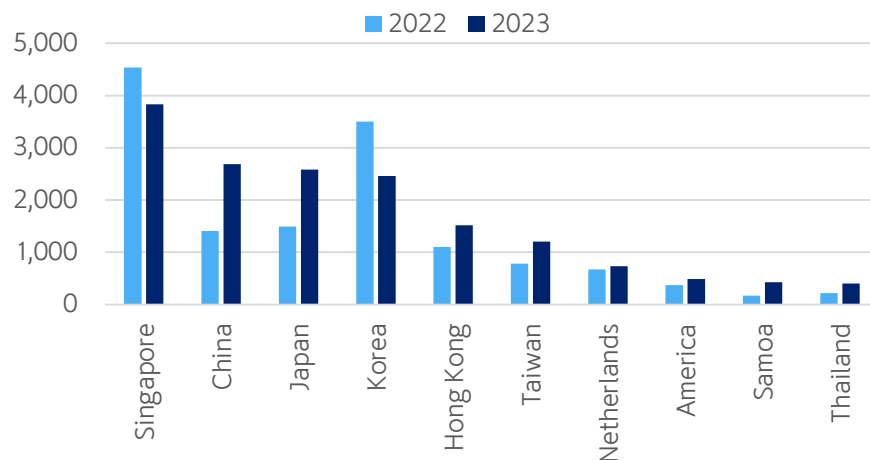
Source: Fiinpro, Shinhan Securities Vietnam

- Provinces such as Hanoi, Hai Phong, Ho Chi Minh, Bac Giang, and Binh Duong continue to be destinations for FDI capital flows into Vietnam. With open economic policies, a stable macroeconomic situation, and good policies to support foreign investors, Vietnam continues to be trusted by international investors and large businesses around the world.
- Northern provinces will continue to receive the majority of FDI capital in 2023, according to Fitch Solutions data showing that 65% of FDI electronic businesses are currently located in Northern industrial parks (Hai Phong, Bac Ninh, Bac Giang, Thai Nguyen and Ha Nam), 30% in the South (Binh Duong, Ho Chi Minh City and Dong Nai), and the remaining in the Central region.

Potential of industrial real estate

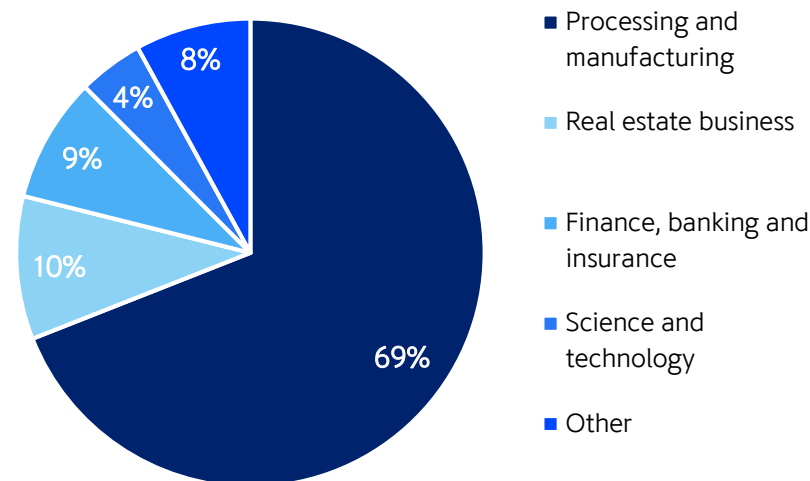
Asian countries play an important role in the structure of FDI capital

Top 10 countries investing in Vietnam accumulated in 8 months (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Structure of sectors receiving FDI capital (%)

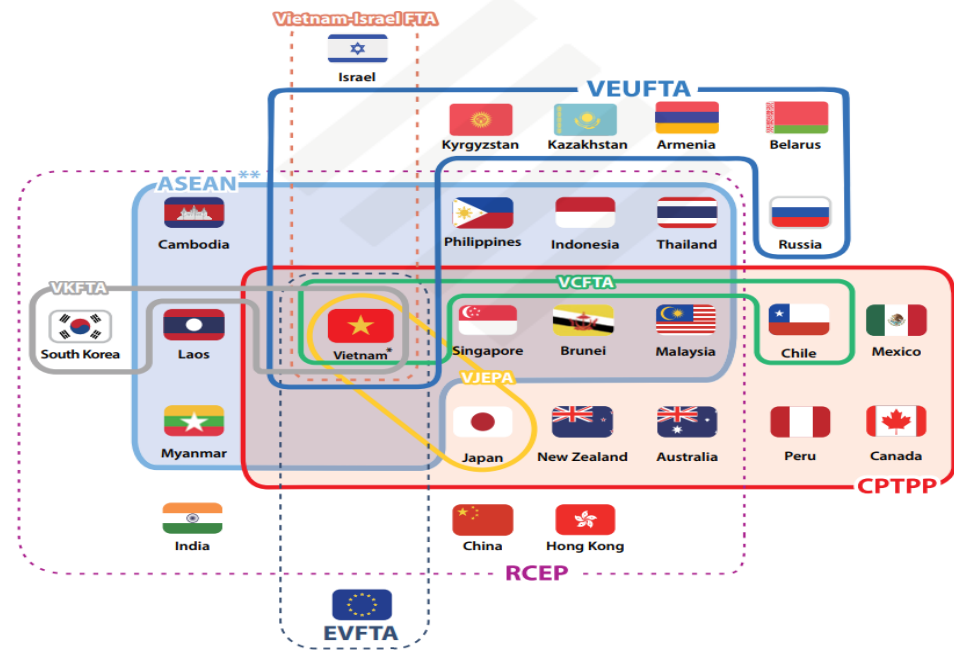
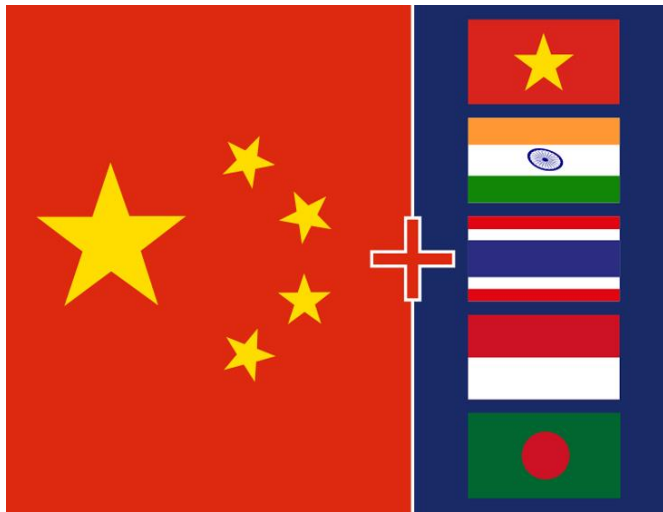


Source: Fiinpro, Shinhan Securities Vietnam

- Investors from Asia and traditional investment partners still account for a large proportion (Singapore, Japan, China, Korea, Hong Kong, Taiwan). These 6 partners alone account for 79% of the country's total registered FDI capital in the first 8 months of 2023.
- Vietnam is positioned as one of the most potential locations to expand production and is emerging as a bright spot for supply chain and logistics shifts in the Asia-Pacific region. In recent years, the state has actively invested heavily in infrastructure, thereby contributing to attracting FDI capital to flow into Vietnam.
- The processing and manufacturing industry is the main investment field of foreign enterprises in Vietnam, accounting for 69% of FDI capital invested in Vietnam.

Potential of industrial real estate

Open economic policy brings great potential when foreign businesses apply the China +1 strategy



- Since the Russia-Ukraine war, the global economy has increasingly fragmented into opposing poles. In the race related to semiconductor chips and renewable energy, countries such as the US and EU are competing with China more and more fiercely as tax and retaliation measures are applied respectively. Faced with the above situation, the China +1 strategy is a business strategy that international corporations apply to avoid investing only in China and diversify production business activities to other countries.
- With an open economic policy and participation in many important economic agreements, Vietnam has created a unique advantage that helps attract international investors to Vietnam. Vietnam is considered an important bridge to help international businesses conveniently export and import goods around the world.

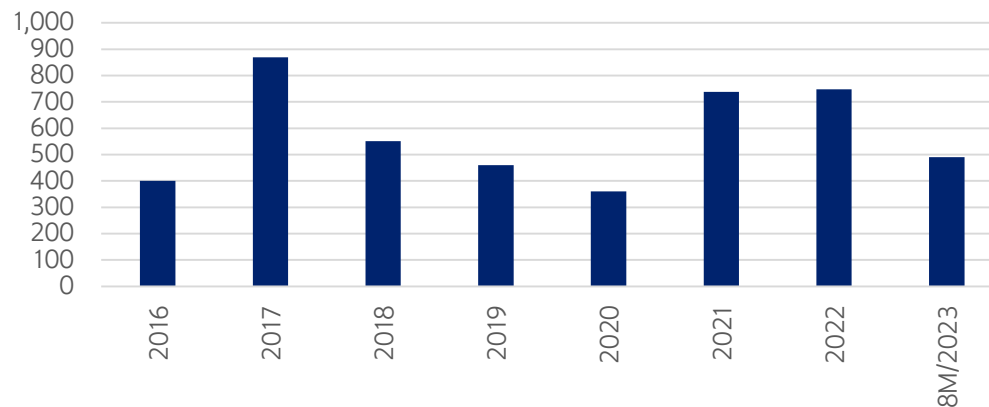
Potential of industrial real estate

Vietnam - US become comprehensive strategic partners, contributing to promoting capital flows from US FDI into Vietnam



The US President and General Secretary raised the level of relations between the two countries

US FDI (USDmn) flow into Vietnam



Source: Finpro, Shinhan Securities Vietnam

- During the visit of US President Joe Biden to Vietnam on the afternoon of September 10, On the occasion, a Joint Leaders' Statement on elevating the ties to a comprehensive strategic partnership was issued. President Biden called on both sides' enterprises to prioritize investment in science-technology and innovation, especially digital transformation, the semiconductor industry, green growth, renewable energy, the climate change fight, and the circular economy.
- FDI capital flows from the US have also recorded positive growth in recent years. Accumulated in 8M/2023, the US has invested about 490 million USD in Vietnam, an increase of 32% over the same period last year, and ranked 8th among countries investing in Vietnam. With the prospect of upgrading the relationship between the two countries into a comprehensive strategic partnership, FDI capital flows from the US to Vietnam are expected to explode.

Potential of industrial real estate

Prime Minister Pham Minh Chinh encourages American businesses to invest in Vietnam



Prime Minister Pham Minh Chinh rang the bell to open the NYSE trading session

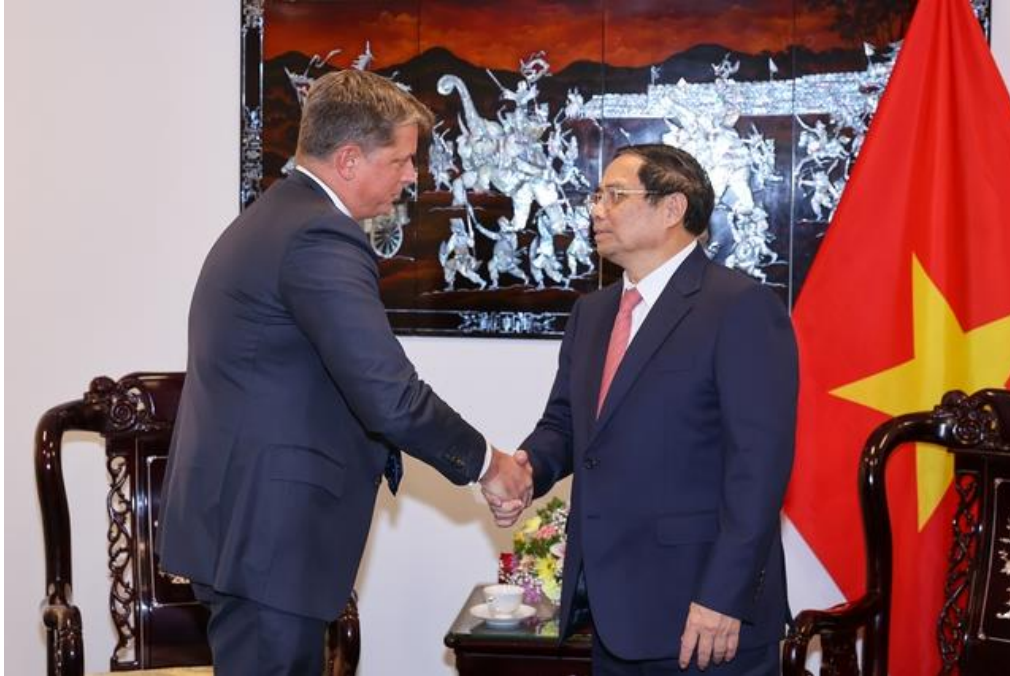


Prime Minister Pham Minh Chinh rang the bell to open the NASDAQ trading session

- After the US President's business trip to Vietnam, Prime Minister Pham Minh Chinh made a business trip from September 17 to September 26 in the United States. During the above business trip, Prime Minister Pham Minh Chinh rang the bell to open the trading session at the NYSE and NASDAQ exchanges. Through the above events, the Prime Minister informed investors in the US about the favorable business and investment environment in Vietnam and encouraged businesses to invest in Vietnam.
- The Prime Minister affirmed that Vietnam will create the most favorable conditions for investors through the implementation of three strategic breakthroughs: perfecting institutions, mechanisms, and policies; developing modern and synchronous infrastructure; and training high-quality human resources. At the same time, Vietnam will also promote administrative reform, protect the rights and interests of investors, always listen, understand, and collaborate to remove difficulties, overcome challenges, and help businesses and investors reduce costs, increase competitiveness, and operate effectively and sustainably.

Potential of industrial real estate

Prime Minister Pham Minh Chinh encourages American businesses to invest in Vietnam



Prime Minister Pham Minh Chinh received Tim Hughes, Senior Vice President of SpaceX Group



Prime Minister Pham Minh Chinh meets billionaire Bill Gates in New York, USA

- Also during his business trip to the United States, the Prime Minister met leaders of some of the world's leading economic corporations in technology, including SpaceX, Coca-Cola, Pacifico Energy, Apple, Boeing, Google, and Siemens Healthineers. Thereby the Prime Minister encouraged large corporations to invest and expand factories in Vietnam.
- The Prime Minister also had a meeting with billionaire Bill Gates. Thereby, Bill Gates said that Vietnam is very important in the development policy of Microsoft and its foundations. At the same time, he will continue promoting cooperation and support activities for Vietnam, focusing on the fields of sanitation, clean water, environment; medicine; AI field, and advanced educational models.

Potential of industrial real estate

Some typical projects of FDI enterprises from the United States

Company's name	Total investment	Country	Investment area
Coca-Cola	136 million USD	America	Construction of a beverage factory with a total area of 19 hectares
Suntory PepsiCo	185 million USD	America	Construction of a beverage factory with a total area of 20 hectares
P&G	100 million USD	America	Expanding the production line of Ben Cat factory
AES Corporation	13 billion USD	America	Offshore wind power project in Binh Thuan province
Apple Corporation	4 billion USD	America	Moving 11 factories producing audio-visual equipment to Vietnam
SpaceX	500 million USD	America	Providing Starlink services
Intel	1 billion USD	America	Expanding factory in Vietnam

03

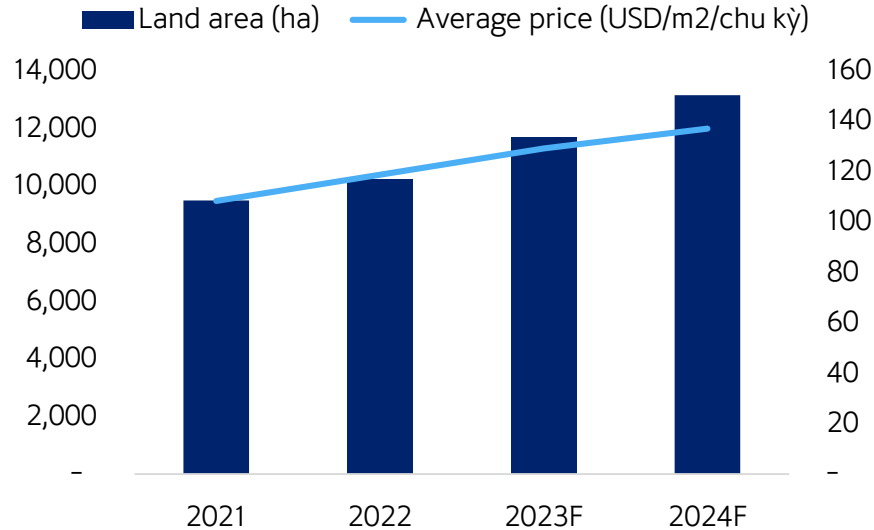
Industrial real estate outlook

Industrial real estate is expected to continue to grow with rental price growth and high absorption rates.

Industrial real estate outlook

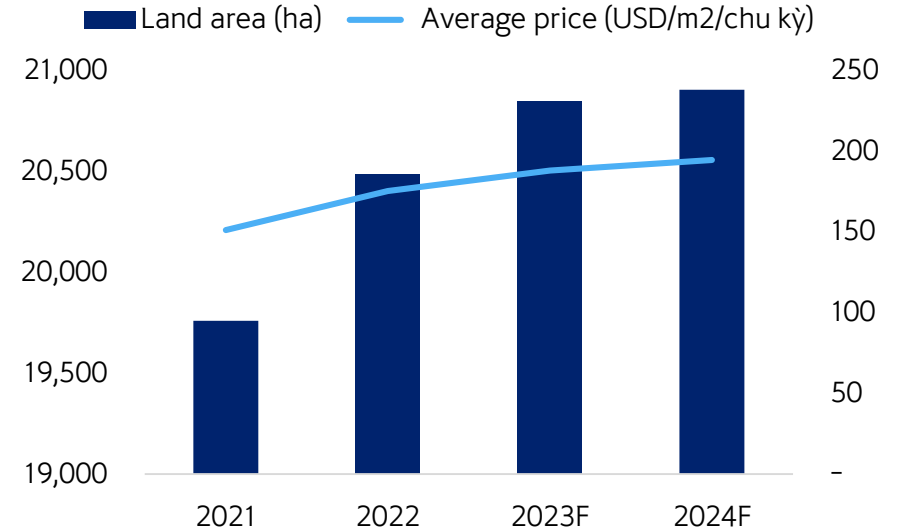
Future prospects for industrial parks remain positive and stable.

Projected cumulative area and industrial park land rental price from 2021 - 2024F in the North



Source: CBRE, Shinhan Securities Vietnam

Projected cumulative area and industrial park land rental price from 2021 - 2024F in the South



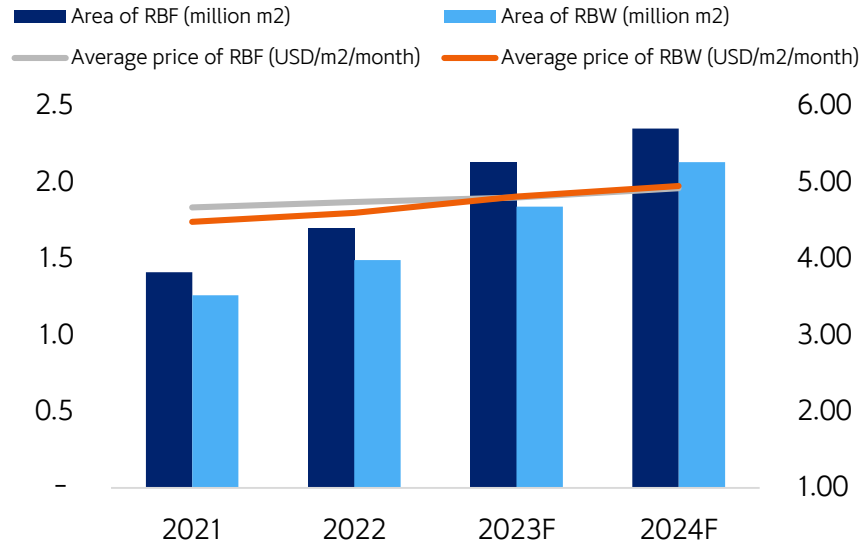
Source: CBRE, Shinhan Securities Vietnam

- With the advantage of an open economy and the government's special policies to develop industrial parks, the outlook for industrial park real estate will continue to remain positive in the future. According to CBRE's report, the area of industrial park land in the North and South is expected to increase by 3,700 hectares and 9,800 hectares, respectively.
- Industrial park land prices are forecast to continue to grow steadily at 5% - 10%/year in the future thanks to stable rental demand, continued high occupancy rates, and continued FDI capital inflow into Vietnam.

Industrial real estate outlook

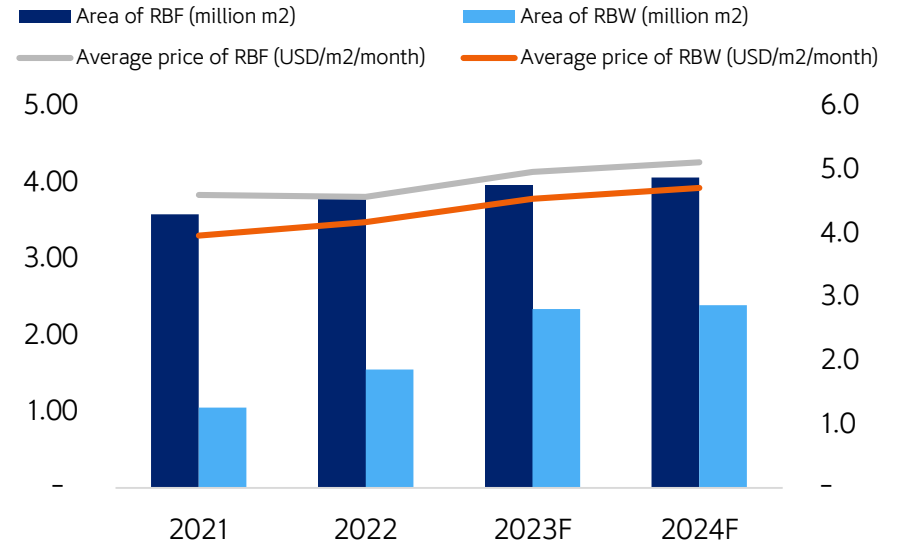
The supply of RBF and RBW continues to grow according to market demand

Accumulated area and average price of RBF/ RBW 2019 – 6M/2023 in the North



Source: CBRE, Shinhan Securities Vietnam

Accumulated area and average price of RBF/ RBW 2019 – 6M/2023 in the South






Source: CBRE, Shinhan Securities Vietnam

- With the trend of shifting production from China to Vietnam along with the boom of e-commerce, we forecast that RBF and RBW will continue to grow in the future thanks to modern design, saving costs, and capital for leasing businesses. In addition, completed infrastructure will contribute to connecting big cities more effectively, thereby creating conditions for RBW and RBF to develop in neighboring provinces around big cities.
- We expect the RBW and RBF rental area to maintain stable growth from 15% to 20% in 2023 - 2024. The absorption rate will maintain from 85% - 95% in major cities. RBW and RBF rents are forecast to increase slightly by about 5%.

Industrial real estate outlook

Prospects of benefiting from the wave of technology investment

	The North	The Central	The South
Oriented development	Current: Advanced electronics, automobiles, electrical appliances. Orientation: Convert to higher value chain.	Currently: Traditional heavy industry and light industry. Orientation: Developing into a new industrial center.	Currently: The largest technology center focuses on traditional industries such as plastic, rubber, textiles, and fast-moving consumer goods. Orientation: Developing the field of IOT and high technology.
Allocation of technological human resources	8% (concentrated in Hanoi)	7% (concentrated in Da Nang)	85% (concentrated in Ho Chi Minh)
Technology brands			
Typical industrial park real estate enterprise	KBC, VRG, IDV,	SGT	BCM, SZC, IDC, TID, SIP, NTC, ITA, LHG

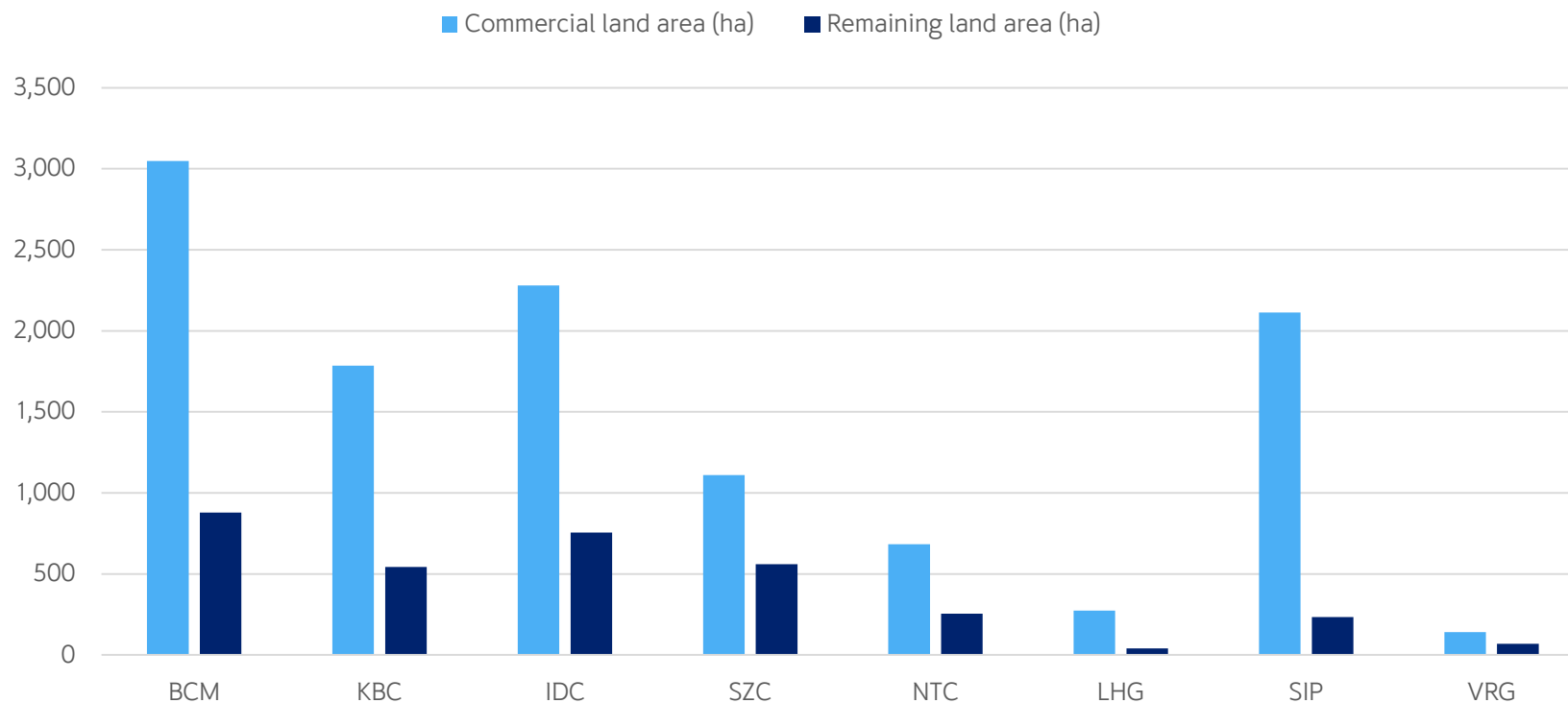
Source: Vietnam IC community, JLL, Shinhan Securities Vietnam

➔ Industrial parks near big cities like Ho Chi Minh and Hanoi are expected to benefit from the foreign technology investment trend in Vietnam, thanks to their availability of highly qualified human resources.

Industrial real estate outlook

Enterprises that own land funds ready for exploitation have an advantage in catching the wave

Land area of some industrial park real estate businesses at the end of 2022



Source: Corporate report, Shinhan Securities Vietnam

04

Industrial park Stock Pick

BCM, KBC, IDC, SZC – Benefiting from FDI
recovers and strong infrastructure investment

Some outstanding industrial parks listed

General information						Financial data								Valuation	
Ticker	Rating	Mkt price (VND)	Target price (VND)	Upside (%)	Mkt cap (Billion VND)	6M/2023 revenue (Billion VND)	Revenue growth in 6M/2023 (% YoY)	Profit in 6M/2023 (Billion VND)	6M/2023 profit growth (% YoY)	ROA - TTM (%)	ROE - TTM (%)	GPM - TTM (%)	D/E	P/E - TTM	P/B - TTM
BCM	Buy	68,900	88,300	28%	71,311	1,885	-44%	49	-97%	2.54%	0.89%	39.34%	0.9	171.81	4.39
KBC	Buy	30,800	37,000	20%	23,642	4,551	319%	2068	933%	19.92%	9.79%	67.91%	0.21	8	1.49
IDC	Hold	47,000	49,500	5%	15,510	3,554	-29%	838	-52%	25.59%	7.79%	36.66%	0.59	12.29	3.27
SZC	Hold	35,600	38,300	8%	4,272	351	-35%	108	-21%	10.87%	2.70%	42.81%	1.48	28.15	2.92
NTC	N/A	185,100	N/A	N/A	4,442	118	-13%	155	1%	32.48%	6.32%	69.55%	0.2	17.24	5.16
LHG	N/A	33,000	N/A	N/A	1,652	182	-48%	75	-16%	12.32%	6.25%	49.81%	0.11	7.89	1
SIP	N/A	59,500	N/A	N/A	16,398	3,057	-1%	460	-9%	26.33%	4.42%	14.55%	0.37	10.58	3.8
VRG	N/A	24,300	N/A	N/A	629	19	109%	1	-188%	19.76%	8.61%	66.25%	-	12.11	2.52

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

** Data for 12 months up to Q2/2023

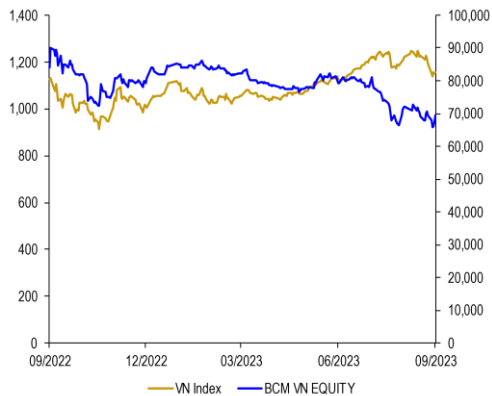
Source: SSV Research, Bloomberg
Data as of October 06, 2023

Investment And Industrial Development Corporation (HOSE: BCM)



Target price (12 months)	VND 88,300
Current price (06/10/23)	VND 68,900
Return (%)	28%
VNINDEX	1,128
Market P/E (x)	11.4
Market cap (billion VND)	71,311
Outstanding shares (mil shares)	1,035
Free-float (mil shares)	34
52-week high/low (VND)	92,800/64,000
90-day avg. trading volume (mil shares)	0.27
90-day avg. turnover (bn VND)	21
Major SHDs (%)	95.44
People's Committee of Binh Duong province	
Nguyen Van Hung	0.58

Performance	3M	6M	12M
Absolute (%)	-12.2	-15.5	-17.9
Rel. to VN-Index (%)	-14.8	-24.7	-20.4



Recovery prospects for Cay Truong Industrial Park and revenue from project transfer

- Became IDC Investment and Industrial Development Corporation (HoSE: BCM), established in 1976, is one of the leading industrial park development enterprises in Vietnam. Becamex is a reputable brand with experience in developing industrial parks in Binh Duong province. During its operation, Becamex has attracted more than 500 businesses from 30 different countries. Becamex currently owns 6 industrial parks with an area of more than 4,000 hectares. In addition, BCM also participates in a joint venture with Singaporean businesses to develop the VSIP industrial parks (BCM owns 49%). VSIP is the leading integrated industrial park developer in Vietnam, with 12 projects across the country and a total area of more than 10,000 hectares.
- BCM reached 1,885 billion VND in 6M/2023 (-44% YoY), profit after tax reached 106 billion VND (-92% YoY). The decline in BCM's business results mainly came from the real estate market freezing in the first months of the year and the decline in FDI inflows in 6M/2023. This causes weak demand and greatly affects profits from BCM's joint venture companies.

Investment catalysts & theses

- With the prospect of strong growth in FDI capital from Q2/2023 and the real estate market recovering, we expect Becamex's business situation to improve significantly in the third and fourth quarters of 2023. With a commercial land area of up to 490 hectares, BCM's Cay Truong industrial park is expected to contribute greatly to BCM's business future revenue. In addition, BCM also expects to record a revenue of about 5,000 billion from selling part of the "New City" project to Capital Land this year, contributing to a sudden increase in revenue this year.
- We estimate revenue in 2023 and 2024 to reach VND 3,610 billion (+32% YoY) and VND 4,272 billion (+18% YoY), profit after tax to reach VND 240 billion (+55% YoY) and 407 billion VND (+69% YoY) with main contribution from the industrial real estate segment.

Risk:

- (1) Declining demand for industrial park real estate;
- (2) Debt/equity ratio is high;
- (3) Progress of industrial park project implementation is slow.

Year	2020	2021	2022	2023F	2024F
Revenue (bn VND)	6,507	6,982	6,506	8,458	9,019
OP (bn VND)	1,910	2,002	1,437	1,945	2,345
OP margin (%)	29.3	28.7	22.1	23.0	26.0
NPATMI (bn VND)	2,098	1,451	1,685	1,972	2,401
NP margin (%)	32.2	20.8	25.9	23.3	26.6
EPS (VND)	1,840	1,232	1,482	1,905	2,320
ROE (%)	12.7	8.1	9.3	10.2	11.3
P/E (x)	22.4	51.9	54.4	36.2	29.7
P/B (x)	2.8	4.1	4.9	3.7	3.4

Source: Bloomberg, Shinhan Securities, Data as of October 06, 2023

Kinh Bac City Development Holding Corporation (HOSE: KBC)



Target price (12 months)	VND 37,000
Current price (06/10/23)	VND 30,800
Return (%)	20%
VNINDEX	1,128
Market P/E (x)	11.4
Market cap (billion VND)	23,642
Outstanding shares (mil shares)	768
Free-float (mil shares)	384
52-week high/low (VND)	36,600/13,250
90-day avg. trading volume (mil shares)	9.63
90-day avg. turnover (bn VND)	308
Major SHDs (%)	
Dang Thanh Tam	18.06
Kinh Bac Consulting and Investment JSC	8.11

Performance	3M	6M	12M
Absolute (%)	10.7	41.4	16.5
Rel. to VN-Index (%)	8.1	32.1	14.0



Development potential with Trang Due 3 Industrial Park

- Kinh Bac City Development Holding Corporation (HoSE: KBC), established in 2002, is one of the leading industrial park real estate development enterprises in Vietnam. KBC has experience working with and attracting leading FDI corporations to Vietnam. More than 90% of customers at KBC's industrial park are foreign corporations, from countries such as Japan, Taiwan, Korea, and China with big names such as Canon, Foxconn, LG... By the end of 2022, KBC owned a land fund of up to 6,386 hectares of industrial park land from North to South.
- Revenue in 6M/2023 reached 4,550 billion VND (+319% YoY), profit after tax reached 2,608 billion VND (+933% YoY). KBC achieved impressive business results in the first 6 months of the year thanks to leasing activities from the expanded Quang Chau Industrial Park and Nam Son Hap Linh Industrial Park. In the first 6 months of the year, KBC successfully handed over about 130 hectares of industrial park land to FDI customers. In addition, land rental prices in Nam Son Hap Linh Industrial Park also fluctuated around 130 - 140 USD/m², much higher than the previous period, thereby significantly improving KBC's gross profit margin.

Investment catalysts & theses

- Regarding future prospects, Trang Due 3 Industrial Park is expected to be a major contributor to KBC's business results in the future. Trang Due 3 Industrial Park with an area of 687 hectares (of which 200 hectares of land have been cleared and ready for lease). Trang Due 3 Industrial Park is expected to be approved for investment at the end of 2023 and will be deployed in 2024. Trang Due Industrial Park 3 is expected to bring in revenue of about 11,500 billion VND for KBC in the period 2024 – 2027.
- Thereby, we estimate that KBC's revenue in 2023 and 2024 is expected to reach VND 6,633 billion (+598% YoY) and VND 8,980 billion (+35% YoY), respectively, and profit after tax will reach VND 2,695 billion, respectively. (+71% YoY) and VND 3,428 billion (+27% YoY).

Risk:

- (1) Declining demand for industrial park real estate;
- (2) Debt/equity ratio is high;
- (3) Progress of industrial park project implementation is slow.

Year	2020	2021	2022	2023F	2024F
Revenue (bn VND)	2,151	4,246	950	6,633	8,980
OP (bn VND)	366	1,849	-245	3,535	4,018
OP margin (%)	17.0	43.5	-25.7	53.3	44.7
NPATMI (bn VND)	224	1,095	1,526	2,609	3,319
NP margin (%)	10.4	25.8	160.6	39.3	37.0
EPS (VND)	358	1,441	1,993	3399	4324
ROE (%)	2.4	9.2	10.1	12.8	14.0
P/E (x)	51.2	31.6	12.1	10.5	8.2
P/B (x)	1.2	2.4	1.2	1.3	1.2

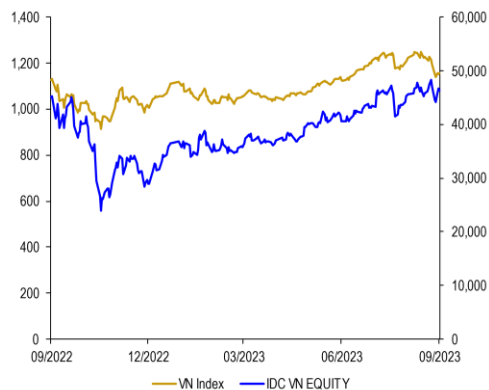
Source: Bloomberg, Shinhan Securities, Data as of October 06, 2023

Investment Outlook 2024 | 30

IDICO Corporation (HOSE: IDC)

IDICO

Target price (12 months)	VND 49,500		
Current price (06/10/23)	VND 47,000		
Return (%)	5%		
VNINDEX	1,128		
Market P/E (x)	11.4		
Market cap (billion VND)	15,510		
Outstanding shares (mil shares)	330		
Free-float (mil shares)	209		
52-week high/low (VND)	51,400/23,600		
90-day avg. trading volume (mil shares)	3.74		
90-day avg. turnover (bn VND)	154		
Major SHDs (%)	22.5		
SSG Group Joint Stock Company	11.93		
Bach Viet Production and Trading Company Limited			
Performance	3M	6M	12M
Absolute (%)	9.2	16.9	-6.5
Rel. to VN-Index (%)	6.6	7.7	-9.0



The large area of land available for lease creates a great advantage for IDC

- IDICO Corporation (HoSE: IDC) was established in 2000, formerly known as Vietnam Urban and Industrial Park Development Investment Corporation. IDC operates mainly in the industrial park sector (accounting for 44%), the electricity business sector (accounting for 38%), and the BOT segment (accounting for 5%). IDC is investing and managing 10 industrial parks in Vietnam with a total area of nearly 3,267 hectares. Among them, there are 7 industrial parks in the South, and 3 industrial parks in the North located in the provinces of Dong Nai, Ba Ria-Vung Tau, Long An, Vinh Phuc, Bac Ninh, and Thai Binh. For the electricity segment, IDC owns 2 hydroelectric plants with a total capacity of up to 114 MW, and a system of 2 transformer stations that contribute over 80% of the total revenue of the electricity segment at IDC.
- Accumulated in 6M2023, IDC revenue reached 3,554 billion VND (-29% YoY), profit after tax reached 838 billion VND (-52% YoY), and the total land area sold is about 77 hectares. The reason for IDC's decline is mainly due to the fact that in 6M/2022, IDC recorded an unusual revenue of about VND 1,500 billion coming from changing the revenue recognition method of Nhon Trach V Industrial Park.

Investment catalysts & theses

- IDC's available land area for lease reaches 677 hectares, mainly concentrated in Ba Ria - Vung Tau province (236 hectares in Phu My II Industrial Park and expanded of current Industrial Park) and Long An province (294 hectares in Huu Thanh Industrial Park). Besides, IDC also plans to invest in Tan Phuoc 1 Industrial Park and is expected to lease it in 2024.
- With a high level of land funds available for lease, we estimate IDC revenue will have growth potential in 2023 and 2024. We expect 2023 and 2024 revenue to reach VND 7,744 billion (+3.4 % YoY) and 987 billion VND (+13% YoY), profit after tax reached 1,864 billion VND (+5.4% YoY) and 2,210 billion VND (+18% YoY), respectively.

Risk:

- (1) Declining demand for industrial park real estate;
- (2) Weakened FDI capital flows;
- (3) Progress of industrial park project implementation is slow.

Year	2020	2021	2022	2023F	2024F
Revenue (bn VND)	5,356	4,301	7,485	7,744	8,803
OP (bn VND)	1,236	477	2,726	2,516	2,984
OP margin (%)	23.1	11.1	36.4	32.5	33.9
NPATMI (bn VND)	873	454	1,768	1,864	2,210
NP margin (%)	16.3	10.6	23.6	24.1	25.1
EPS (VND)	2,630	1,376	5,356	5,298	6,218
ROE (%)	22.8	11.2	40.0	33.0	68.3
P/E (x)	12.3	48.0	5.9	9.1	7.8
P/B (x)	2.5	5.6	2.1	2.5	2.3

SONADEZI Chau Duc Shareholding Company (HOSE: SZC)



Target price (12 months) VND 38,300

Current price (17/09/23) VND 35,600

Return (%) 8%

VNINDEX 1,128

Market P/E (x) 11.4

Market cap (billion VND) 4,272

Outstanding shares (mil shares) 120

Free-float (mil shares) 51

52-week high/low (VND) 41,500/17,042

90-day avg. trading volume (mil shares) 1.29

90-day avg. turnover (bn VND) 44

Industrial Park 46.84

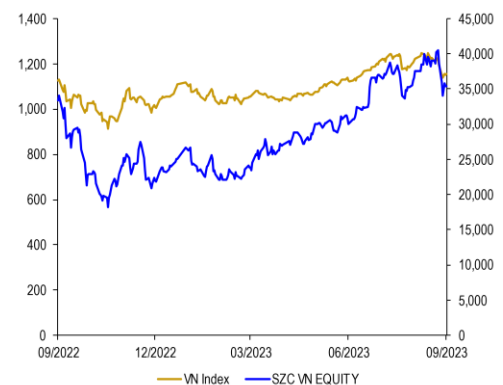
Major SHDs (%) Development JSC

Sonadezi Long Thanh JSC 10.08

Performance 3M 6M 12M

Absolute (%) 17.8 47.8 5.8

Rel. to VN-Index (%) 15.3 38.5 3.3



Possessing potential advantages with Chau Duc industrial park

- Sonadezi Chau Duc Joint Stock Company (HoSE: SZC) was established on June 26, 2007, formerly known as Sonadezi Infrastructure Development Joint Stock Company, SZC operates mainly in the field of industrial park land leasing, real estate business and invests in BOT projects. In which, SZC's industrial park real estate segment accounts for more than 80% of the total revenue structure. SZC owns a large land area of up to 2,287 hectares in Chau Duc district, Ba Ria Vung Tau province, of which industrial park land accounts for 1,556 hectares, the rest is mainly for urban areas and golf courses.
- In the first 6 months of 2023, SZC revenue reached 351 billion VND (-35% YoY), profit after tax reached 108 billion VND (-21% YoY), total land area handed over is about 15 hectares. The reason for SZC's decline is mainly due to the weak economic situation in the first 6 months of the year and the frozen domestic real estate market.

Investment catalysts & theses

- In the long term, SZC has a land fund of up to 300 hectares ready for lease (out of a total of 560 hectares of remaining industrial park land) in Chau Duc industrial park, contributing to creating a long-term growth foundation for SZC. In general, Chau Duc Industrial Park is strategically located near Cai Mep International Port. Besides, the rental price of Chau Duc Industrial Park ranges from USD 70 - USD 75, cheaper than large provinces such as Binh Duong and Ho Chi Minh, which creates potential conditions to attract foreign investors.
- Thereby, we estimate that SZC's revenue in 2023 and 2024 is expected to reach VND 872 billion (+2% YoY) and VND 987 billion (+13% YoY), respectively, and profit after tax will reach VND 235 billion (+19% YoY) in 2023 and VND 273 billion (+16% YoY) in 2024.

Risk:

- (1) Declining demand for industrial park real estate;
- (2) Weakened FDI capital flows;
- (3) Legal issues and compensation costs for Chau Duc Industrial Park;
- (4) Progress of industrial park project implementation is slow.

Year	2020	2021	2022	2023F	2024F
Revenue (bn VND)	433	713	859	872	987
OP (bn VND)	199	386	260	314	365
OP margin (%)	46.0	54.2	30.2	36.0	37.0
NPATMI (bn VND)	186	324	197	235	273
NP margin (%)	43.0	45.4	23.0	26.9	27.7
EPS (VND)	1,401	2,395	1,458	1,958	2,275
ROE (%)	13.7	21.1	11.7	14.2	15.1
P/E (x)	19.0	23.7	15.0	19.5	16.8
P/B (x)	2.5	4.6	1.7	2.8	2.5

Source: Bloomberg, Shinhan Securities, Data as of October 06, 2023

Investment Outlook 2024 | 32

Shinhan Investment Network

SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongsongpo-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.
22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street,
District 3, 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

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



Compliance Notice

- Analyst Certification: We/I hereby certify the information and material presented in this report are accurate expressions of their views, and that we/I have not received internally or externally wrongful pressure to express such views.
- All opinions and estimates regarding the company and its securities are accurate representations of the covering analyst's judgments as of this date and may differ from actual results.
- This report is intended to provide information to assist investment decisions only and should not be used or considered an offer or the solicitation of an offer to sell or to buy any securities. Stock selection and final investment decisions should be made at the client's own discretion.
- This report is distributed to our clients only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.

Disclaimers

- This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of Shinhan Securities Vietnam Ltd., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of Shinhan Securities Vietnam Ltd.
- This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. Shinhan Securities Vietnam Ltd. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Shinhan Securities Vietnam Ltd., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or Shinhan Securities Vietnam Ltd. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.
- Copyright © 2020 Shinhan Securities Vietnam Ltd. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of Shinhan Securities Vietnam Ltd.



Shinhan
Securities