

Airports Corporation (ACV)

Accelerating Long Thanh Airport progress

Analyst Nguyen Ngoc Anh

anhntn@kbsec.com.vn

(+84) 24-7303-5333

March 14, 2025

4Q24 NPAT and revenue reached VND3,089 billion (+97% YoY) and VND5,721 billion (+13% YoY)

In 4Q24, Airports Corporation of Vietnam (ACV) recorded VND3,089 billion (+97% YoY) in NPAT on revenue of VND5,721 billion (+13% YoY), of which aviation revenue accounted for 83% with VND4,764 billion (+18% YoY). 2024 NPAT/revenue hit VND11,577 billion (+37% YoY)/VND22,555 billion (+13% YoY).

Domestic passenger traffic will recover slightly, while international passengers and air cargo continues to grow

The traffic of air passengers and cargo should recover and positively grow in 2025 as (1) the government has focused resources on promoting economic growth; (2) airlines are expanding their fleets and new routes, and (3) there are positive changes in the newly issued visa policy for tourism promotion.

Long Thanh International Airport Phase 1 should start operating from 2026

We expect Long Thanh International Airport Phase 1 will complete in 2026 instead of 2027 in our previous report after observing the government's efforts in accelerating the progress. This, when combined with Tan Son Nhat T3 coming into operation from 2H25, will ensure long-term growth potential for ACV.

Transferring aviation security to the Ministry of Public Security will facilitate ACV's listing on the HSX

The transfer of aviation security operations to the Ministry of Public Security from early March 2025 may ramp up ACV's listing on the HSX. We assess the transfer will have a negligible impact on the company's business results while benefiting ACV's profit margins as it will eliminate security operating costs.

Valuation: BUY valuation – Target price VND122,600/share

Considering ACV's valuation and potential risks, we recommend BUY with a target price of VND122,600, 19% higher than the closing price on March 13, 2025.

Buy change

Target price	VND122,600
Upside	19%
Current price (Mar 13, 2025)	VND103,000
Consensus target price	VND133,900
Market cap (VNDtn/USDbn)	219.4/8.6

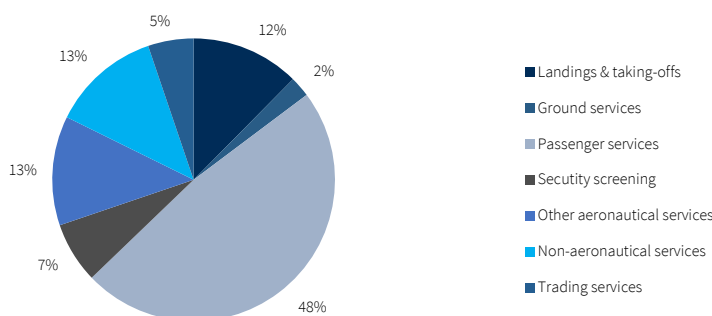
Trading data	
Free float	4.6%
3M avg trading value (VNDbn/USDmn)	49.7/2.0
Foreign ownership	3.4%
Major shareholder	CMSC (95.4%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-8.3	-14.2	-3.6	15.1
Relative	-12.2	-19.2	-9.6	10.2

Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	19,998	22,555	23,214	25,858
Operating income/loss (VNDbn)	10,467	14,299	12,934	12,364
NPAT-MI (VNDbn)	7,222	10,321	9,339	8,930
EPS (VND)	3,318	4,741	4,289	4,102
EPS growth (%)	29%	43%	-10%	-4%
P/E (x)	31.0	21.7	24.0	25.1
P/B (x)	4.4	3.7	3.3	2.9
ROE (%)	16.8%	19.3%	15.3%	12.8%
Dividend yield (%)	0%	0%	0%	0%

Revenue composition (2024)



Source: Airports Corporation of Vietnam, KB Securities Vietnam

Business operation

Airports Corporation of Vietnam (ACV) currently manages, invests in, and operates 22 airports nationwide, including 11 international and 11 domestic airports. ACV's core business activities involve providing direct support services for air transport, including aviation services, non-aviation services, and sales.

Investment Catalysts

Sustainable growth comes from both domestic and international transportation. Local and foreign passenger traffic of ACV is slated to increase by an average of 4% and 10% each year in 2025–2030.

Domestic airlines are expanding their fleets. Vietjet Air and Vietnam Airlines have signed contracts to purchase Airbus aircraft, aiming to increase the fleet by 20–30% compared to the current level by 2030.

Long Thanh International Airport and Tan Son Nhat Terminal 3 ensure long-term growth for ACV. The two projects should start operation from mid-2025/late 2026, adding 20/25 million passengers to the company's total capacity.

Notes

Please find more details below

Please see more details below

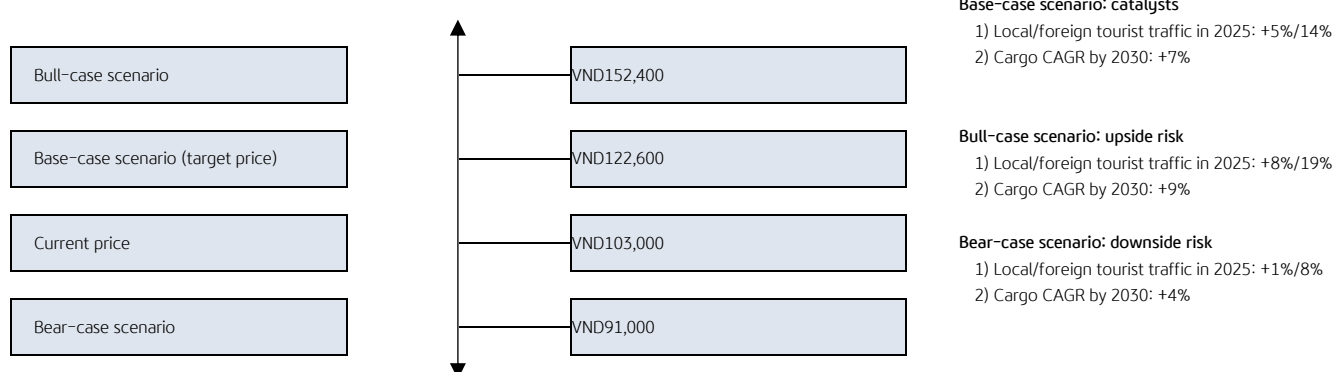
Please see more details below

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	23,214	25,858	–2%	–3%	22,630	25,733	+3%	0
EBIT	12,966	12,399	–1%	–7%	12,301	14,629	+5%	–15%
NP after MI	9,339	8,930	+10%	+9%	10,264	12,141	–9%	–26%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



4Q24 performance updates

Table 1. ACV – 4Q & 2024 business performance

(VNDbn, %)	4Q23	4Q24	+/-%YoY	2023	2024	+/-%YoY	Notes
Revenue	5,047	5,721	13%	19,998	22,555	13%	ACV completed 11% of 2024 revenue plan (VND20,325 billion).
Aviation services	4,033	4,764	18%	16,416	18,647	14%	International and domestic passenger arrivals respectively hit 41.1 million (+25% yoy) and 68.6 million (-14% yoy). Parcel cargo output was recorded at 1.505 million tons (+19% yoy).
Non-aviation services	709	755	6%	2,497	2,831	13%	
Sales	326	255	-22%	1,190	1,181	-1%	
Gross profit	2,697	3,112	15%	11,861	13,813	16%	
Gross profit margin	53%	54%	+1 ppt	59%	61%	+2 ppts	Profit margin increased with higher proportion of international passengers and cargo.
Financial income	648	910	40%	2,215	2,510	13%	4Q24 exchange gain was VND648 billion (vs VND208 billion in 4Q23) due to the depreciation of JPY against VND.
Financial expenses	-44	-22	-50%	-105	-876	737%	
Shared profits from joint ventures/affiliates	32	105	230%	260	364	40%	
SG&A	-1,410	-298	-79%	-3,765	-1,512	-60%	The strong decrease resulted from reversal of bad debt provision falling from VND2,475 billion in 2023 to VND65 billion.
Operating income/loss	1,923	3,808	98%	10,467	14,299	37%	
Other income	18	19	7%	26	33	31%	
Profit before taxes (PBT)	1,941	3,827	97%	10,492	14,333	37%	This is equal to 136% of 2024 NPAT objective.
Net profit after tax (NPAT)	1,565	3,089	97%	8,470	11,577	37%	
NP after MI (NPAT-MI)	1,310	2,852	118%	7,222	10,321	43%	
NPAT margin	26%	50%	+24 ppts	36%	46%	+10 ppts	

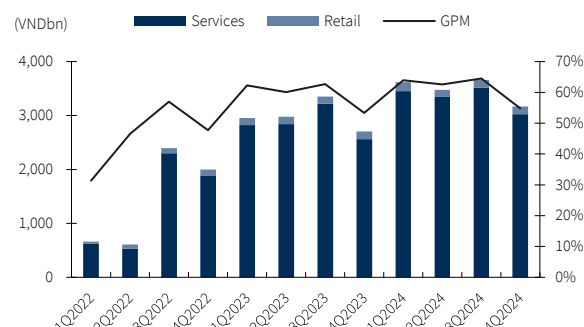
Source: Airports Corporation of Vietnam, KB Securities Vietnam

Fig 2. ACV – Revenue composition (VNDbn)



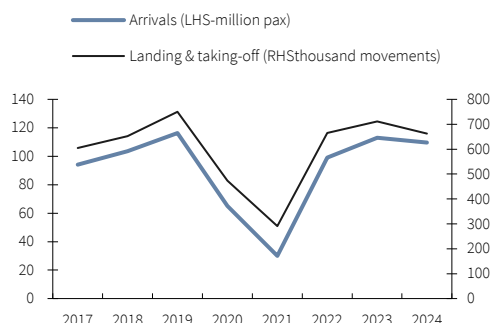
Source: Airports Corporation of Vietnam, KB Securities Vietnam

Fig 3. ACV – Profit composition, GPM (VNDbn, %)



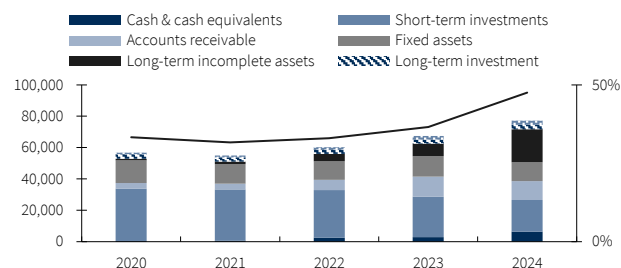
Source: Airports Corporation of Vietnam, KB Securities Vietnam

Fig 4. ACV – Passenger traffic, landing/takeoff frequency
(million arrivals, thousand movements)



Source: Airports Corporation of Vietnam, KB Securities Vietnam

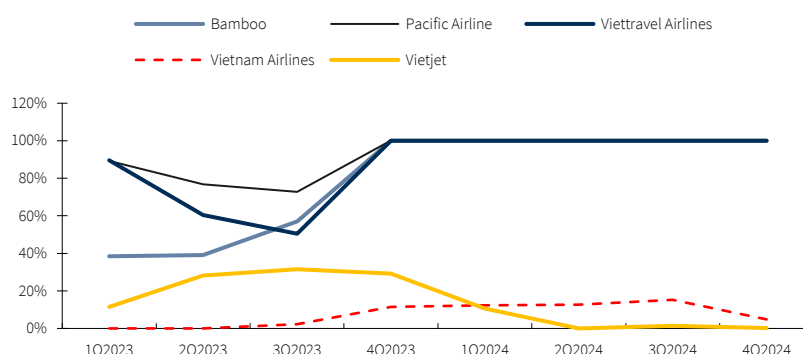
Fig 5. ACV – Total asset breakdown (VNDbn)



Source: Airports Corporation of Vietnam

The provision ratio of Bamboo, Pacific Airlines and Vietravel Airlines is still at 100%, with NPL at the end of 4Q24 recorded at VND2,375/889/370 billion, respectively. Provisions of the two major airlines, Vietnam Airlines (HVN) and Vietjet (VJC), have both decreased sharply to VND112 billion and VND3 billion compared to VND142 and VND360 billion at the beginning of the year thanks to positive 2024 business results. Bad debt provisions of airlines are expected to continue to improve in line with the recovery of the whole aviation industry.

Fig 6. Vietnam – Provision/NPL of local airlines (%)



Source: Airports Corporation of Vietnam, KB Securities Vietnam

Domestic passenger traffic will recover slightly, while international passengers and air cargo continues to grow

After dropping 14% YoY to 68.6 million passenger arrivals in 2024, domestic passenger traffic should slightly rebound in 2025 thanks to (1) aircraft repaired in 2024 returning to service and (2) airlines increasing fleet capacity and reopening previously suspended domestic routes. International passengers are slated to continue to grow at 14% yoy given (1) positive impacts from Resolution No. 11/NQ-CP dated January 15, 2025 on visa exemption for citizens of the Republic of Poland, the Czech Republic and Switzerland, (2) tourism promotion and stimulus programs of the Department of Tourism, and (3) airlines planning on more direct flights to European countries this year.

Air cargo volume maintains a positive growth, underpinned by the strong development of e-commerce. The Government's focus on resources to achieve the economic growth target of 8% this year will also benefit air cargo volume. However, we estimate that the growth rate will slow down to 14% yoy due to concerns over new tariff policies of the US and the trend of declining ocean freight rates compared to 2024.

Fig 7. Vietnam – Foreign passenger traffic in 2018A–2029F (million arrivals)



Source: Airports Corporation of Vietnam, KB Securities Vietnam

Long Thanh International Airport Phase 1 is expected to be operational from 2026

The Long Thanh International Airport project is simultaneously implementing items of component project 1 (headquarters of state management agencies), component project 2 (works serving flight management), and component project 3 (essential works in the airport). Currently, component project 3, the largest component project with a total capital of more than VND99,000 billion, is being accelerated to basically complete phase 1 before December 31, 2025. We expect Long Thanh International Airport Phase 1 will complete in 2026 instead of 2027 in our previous report after observing the government's efforts in accelerating the progress. This, when combined with Tan Son Nhat T3 coming into operation from 2H25, will ensure long-term growth potential for ACV.

Table 26. ACV – Key projects to be implemented from now to 2030

Projects	Total investment (VNDbn)	Current capacity (million passengers)	Added capacity (million passengers)	Construction term	Progress
Long Thanh Phase 1	109,000	0	25	2023–2026	Construction started by the end of October 2023, and the construction policy of the runway 2 has just been approved. Component projects 1, 2, and 3 are being accelerated, expected to come into operation no sooner than mid-2026.
Long Thanh Phase 2	76,600	25	25	2027–2030	The project has not yet been implemented.
Tan Son Nhat Terminal T3	10,990	30	20	2023–2025	The construction started in December 2022. About 80% of the work has been completed, expected to be put into operation from May 2025.
Noi Bai Terminal T2 Expansion	4,983	25	5	2023–2025	Construction started in May 2024.
Cat Bi Terminal T2 – Hai Phong	3,147	2	5	2024–2026	Cargo terminal project started in November 2024.
Dong Hoi Terminal T2	1,750	0.5	2.5	2024–2026	Investment policy has been approved, expected to start construction in April 2025 and operate from April 2026.

Source: Airports Corporation of Vietnam, KB Securities Vietnam

Fig 8. ACV – Tan Son Nhat Terminal T3 progress by February 2025



Source: Airports Corporation of Vietnam

Fig 9. ACV – Long Thanh International Airport progress by March 2025



Source: Airports Corporation of Vietnam

The transfer of aviation security to the Ministry of Public Security will facilitate ACV's listing on the HSX

On February 28, the task of ensuring aviation security was officially assigned to the Ministry of Public Security. After the transfer, ACV will no longer record revenue from the aviation security segment. However, aviation security only contributes a small proportion to the company's revenue structure (7% in 2024) with a much lower GPM than other business segments. Therefore, this may not significantly affect ACV's business results while also benefiting its GPM with lower security operating costs. In addition, the completion of the transfer of the security segment helps ACV separate its financial role from the airport assets, which are owned by the state, facilitating ACV's process of preparing to be listed on the HSX.

Forecast & valuation

Table 10. ACV – 2025–2026F performance

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	22,555	23,214	3%	25,858	11%	
Aviation services	18,647	18,910	1%	20,905	11%	International passenger traffic in 2025/2026 will grow by 14%/9% YoY to 46.9/51.1 million passengers. Domestic passenger volume will start to increase again from 2025 when overhauled aircraft start to return to operation, recording an increase of 5%/+7% YoY, equivalent to 72/77 million passengers. The slow growth results from no revenue from aviation security services starting from 2025.
Non-aviation services	2,831	3,096	9%	3,368	9%	
Sales	1,181	1,323	12%	1,712	29%	
Gross profit	13,813	14,824	7%	16,246	10%	
<i>Gross profit margin</i>	<i>61%</i>	<i>64%</i>	<i>+3 ppts</i>	<i>63%</i>	<i>-1 ppt</i>	2025F GPM will increase due to (1) higher proportion of international passengers than in 2024 and (2) elimination of aviation security service revenue, a segment with low GPM.
Financial income	2,510	803	-68%	709	-12%	
Financial expenses	-876	-891	2%	-2606	193%	
Shared profits from joint ventures/affiliates	364	209	-43%	253	21%	
SG&A	-1,512	-2,010	33%	-2,239	11%	
Operating income/loss	14,299	12,934	-10%	12,364	-4%	
Other income	33	32	-4%	36	11%	
Profit before tax (PBT)	,333	12,966	-10%	12,399	-4%	ACV will complete 120% of the expected PBT in 2025 (VND10,731 billion).
Net profit after tax (NPAT)	11,577	10,474	-10%	10,016	-4%	
NP after MI (NPAT-MI)	10,321	9,339	-10%	8,930	-4%	
<i>NPAT margin</i>	<i>46%</i>	<i>40%</i>	<i>-6 ppts</i>	<i>35%</i>	<i>-3 ppts</i>	

Source: Airports Corporation of Vietnam, KB Securities Vietnam

Valuation: BUY valuation – Target price VND122,600/share

Using the DCF method for ACV, we revise our rating from HOLD to BUY for ACV shares, with a target price of VND122,600/share, assuming (1) the recent significant correction in the stock price and (2) the move to HSX has made clearer progress as the obstacles are gradually being resolved. The target price represents a potential upside of 19% compared to the closing price of VND103,000/share on March 13, 2025, based on the following assumptions:

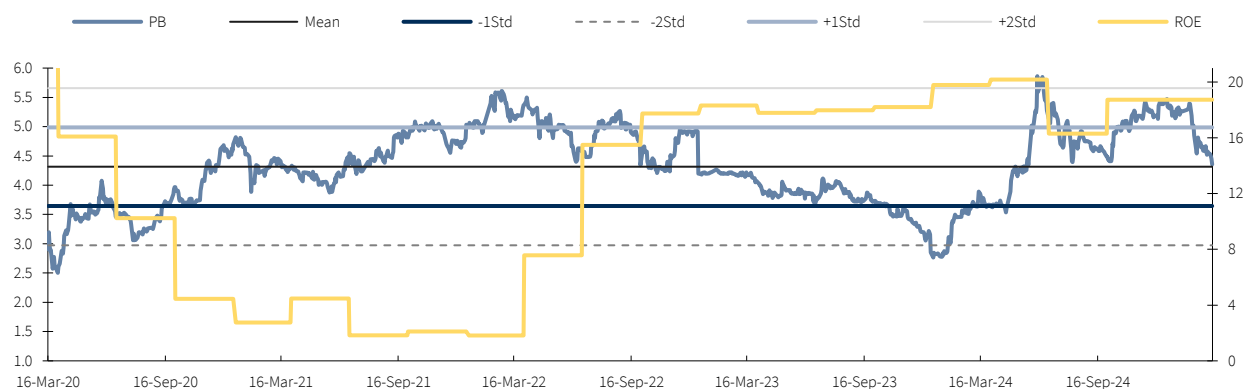
- The number of international passengers maintains an increase of 8–10%/year. Domestic passenger traffic will start to increase again at 4–5%/year after the aircraft complete maintenance period in 2025.
- Terminal T3 – Tan Son Nhat project will be put into operation from mid-2025, Noi Bai – Terminal T2 expansion project will be completed in 2026, and Long Thanh project phase 1 and phase 2 will start operating from late 2026 and early 2031.
- Aviation service rates will be adjusted to increase every two–three years, each time going up by an average of 2–3%.

Table 11. ACV – Valuation

(VNDbn)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
EBIT	12,966	12,399	11,175	13,870	17,670	18,419	19,431	21,583	25,425	29,208	32,802	36,570	41,190	46,273	51,915
Depreciation	1,858	2,290	4,602	10,842	11,774	11,954	12,143	12,271	13,959	15,659	3,899	4,246	4,625	5,038	5,488
Fixed asset investment	-47,908	-62,650	-2,685	-2,452	-12,670	-25,108	-47,567	-5,018	-3,286	-3,579	-3,898	-4,245	-4,624	-5,036	-5,486
Increase in working capital	-261	489	-7	-25	-2,081	1,677	-2,102	327	-2,528	509	-2,516	352	-2,670	143	-2,897
PV of FCFF	-32,752	-41,886	8,567	14,019	7,506	2,170	-11,863	12,750	13,425	15,531	9,514	10,868	10,229	11,498	10,995
Long-term value															209,495
Enterprise value															250,066
Cash															26,555
Debt															-9,742
Equity															266,879
Outstanding shares (million shares)															2,177
Fair value (VND/share)															122,600

Source: Airports Corporation of Vietnam, KB Securities Vietnam

Fig 12. ACV – P/B in 2020–2024 (x)



Source: Bloomberg, KB Securities Vietnam

KB SECURITIES VIETNAM RESEARCH

Research Division

research@kbsec.com.vn

Nguyen Xuan Binh – Head of research

binhnx@kbsec.com.vn

Financials**Nguyen Anh Tung – Manager**

tungna@kbsec.com.vn

Pham Phuong Linh – Analyst

linhpp@kbsec.com.vn

Consumer**Nguyen Duc Quan – Analyst**

quannd@kbsec.com.vn

Nguyen Hoang Duy Anh – Analyst

anhnhd@kbsec.com.vn

Real Estate**Pham Hoang Bao Nga – Manager**

ngaphb@kbsec.com.vn

Nguyen Thi Trang – Analyst

trangnt6@kbsec.com.vn

Industrials & Materials**Nguyen Thi Ngoc Anh – Analyst**

anhntn@kbsec.com.vn

Nguyen Duong Nguyen – Senior Analyst

nguyennd1@kbsec.com.vn

Macro & Strategy**Tran Duc Anh – Head of macro & strategy**

anhtd@kbsec.com.vn

Nghiem Sy Tien – Analyst

tienss@kbsec.com.vn

Nguyen Dinh Thuan – Analyst

thuannd@kbsec.com.vn

Energy, Utilities & IT**Pham Minh Hieu – Analyst**

hieupm@kbsec.com.vn

Nguyen Viet Anh – Analyst

anhnv3@kbsec.com.vn

Support Team**Nguyen Cam Tho – Assistant**

thonc@kbsec.com.vn

Nguyen Thi Huong – Assistant

huongnt3@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180–192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656

Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276

Email: ccc@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own particular circumstances and objectives and are solely responsible for their investment decisions and we shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only, not authorized to use for any other purposes.