

Industrial real estate

Expecting a new wave of semiconductor FDI

Analyst Nguyen Thi Trang
(+84) 24-7303-5333 trangnt6@kbsec.com.vn

IP land supply increased nationwide, with lease rates continuing their uptrend

In 9M2024, new industrial park (IP) land supply nationwide surpassed 8,700 ha (+7% YoY). Of this, the Northern region accounted for 2,067 ha of approved IP land for investment and construction, while the Southern region contributed 608 ha. The pace of lease rate increases has slowed, with the Southern region seeing a slight increase of 1% YoY, and the Northern region rising by 4.6% YoY.

A new wave of FDI in the semiconductor industry is anticipated

From 2023 to 2024, Vietnam has proven its potential to attract FDI in the semiconductor sector, as evidenced by a notable increase in new investment projects. Furthermore, escalating US-China trade tensions are likely to further accelerate the shift of FDI flows towards Vietnam. We place particular emphasis on the potential of IPs in the Northern region, given their proximity to China, which offers a strategic advantage in attracting semiconductor investment.

IP supply is expected to increase with the completion of the legal framework

IP supply is projected to increase in 2025, with significant growth anticipated from 2026 onwards once the Land Price List is implemented. This growth is primarily driven by: (i) the resolution of legal obstacles and (ii) the conversion of rubber land into industrial land.

The outlook for the industrial real estate sector appears promising

KBSV evaluates the outlook for the industrial real estate sector in 2025-2026 as positive, driven by: (i) strong FDI inflows fueling demand for IP land leasing; (ii) major IP developers overcoming legal obstacles, thereby expanding leasable land area; and (iii) expected continued rental price hikes thanks to sustained demand.

Short-term risks are linked to uncertainties surrounding Donald Trump 2.0's policy

While we expect Vietnam to not be a target of Donald Trump 2.0's tariff policies, its position as the third-largest trade deficit country with the US could lead to delays in FDI disbursements and new project implementations in the first half of 2025, especially while the policy direction under Donald Trump's presidency remains uncertain.

Positive maintain

Recommendations

Sai Gon VRG (SIP)	BUY
Target price	VND89,500

Kinh Bac City Development (KBC)	BUY
Target price	VND35,900

Vietnam Rubber Group (GVR)	BUY
Target price	VND40,200

Contents

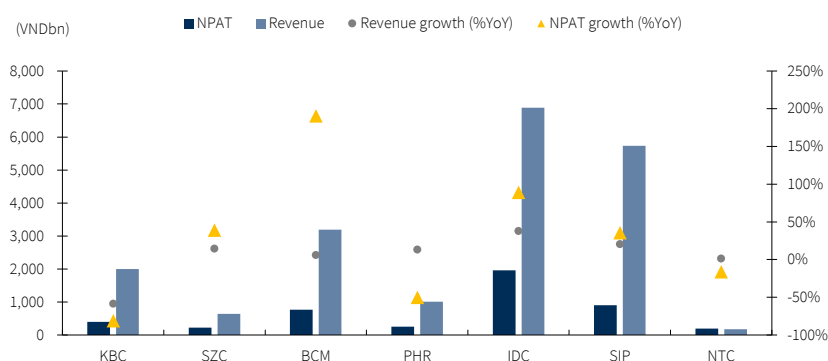
I. Business performance in 9M24	3
II. Business outlook for 2025	7
III. Companies	13
Kinh Bac City Development Holding (KBC, BUY)	14
Sai Gon VRG (SIP, BUY)	15
Vietnam Rubber Group (GVR, BUY)	16

Business performance in 9M24

Business performance among IP developers exhibited significant divergence

In 9M2024, business performance among IP developers exhibited notable divergence. Most companies reported strong revenue and earnings growth, including IDC with revenue and net profit increasing by 38% YoY and 89% YoY, respectively, and SIP with revenue and net profit rising by 20% YoY and 36% YoY. However, some companies faced more challenging growth figures, such as KBC (revenue -58% YoY, net profit -81% YoY), PHR (revenue +13% YoY, net profit -50% YoY), and NTC (revenue +1% YoY, net profit -16% YoY), mainly due to delays in industrial land handovers.

Fig 1. Vietnam – NPAT, revenue of IP developers (VNDbn, %YoY)

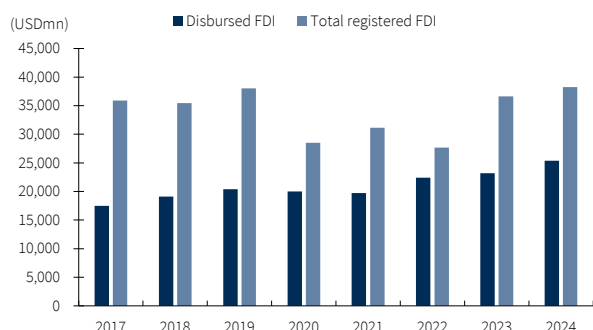


Source: Fiiipro, KB Securities Vietnam

FDI inflows into Vietnam continued to increase positively

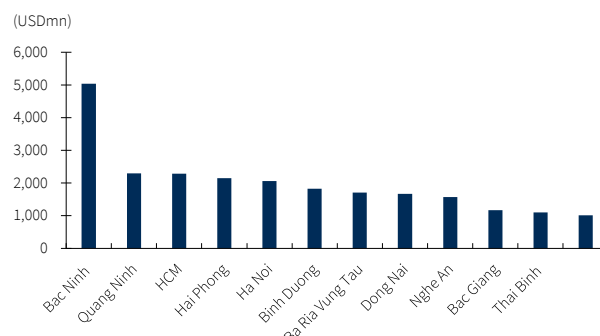
FDI inflows into Vietnam in 11M2024 continued their positive growth trend, building on the strong base of 2023. Cumulative FDI registration reached USD31.4 billion (+1% YoY), while disbursed FDI totaled USD21.7 billion (+7.1% YoY). Bac Ninh led the country in attracting FDI, particularly in the manufacturing and processing industry, with total registered capital of USD5.04 billion, double the amount from the previous year.

Fig 2. Vietnam – Registered & disbursed FDI (USDmn)



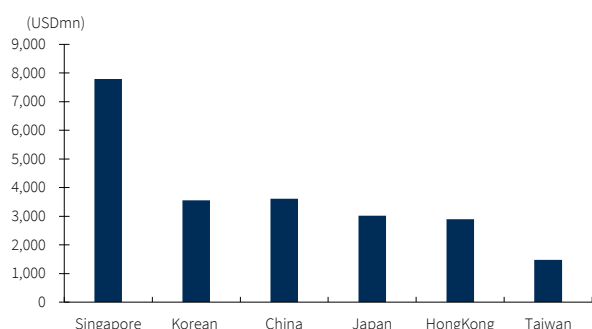
Source: General Statistics Office, KB Securities Vietnam

Fig 3. Vietnam – Top localities attracting FDI in 11M2024



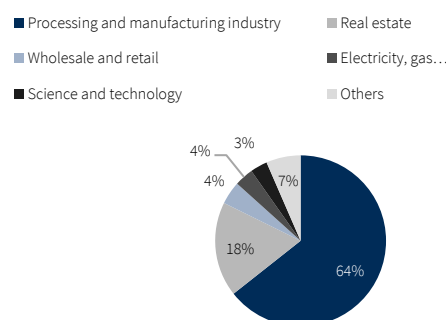
Source: Fiinpro, KB Securities Vietnam

Fig 4. Vietnam – Top foreign investors in Vietnam in 11M2024 (USDmn)



Source: Fiinpro, KB Securities Vietnam

Fig 5. Vietnam – FDI composition by industry in 11M2024 (%)



Source: Fiinpro, KB Securities Vietnam

New IP land supply nationwide surpassed 8,700 ha (+7% YoY) in 9M2024

In 9M2024, new IP land supply nationwide exceeded 8,700 ha (+7% YoY). Of this, the Northern region accounted for 2,067 ha of approved IP land for investment and construction, while the Southern region contributed 608 ha. Some major IP projects were launched, namely VSIP II (Bac Ninh) with 497.7 ha, VSIP Lang Son (Quang Ninh) with 599.8 ha, Song Cong Phase 2 (Thai Nguyen) with 249.5 ha, Dong Van (Ha Nam – Hanoi) with 237 ha, and Thanh Phat (Long An) with 112.9 ha.

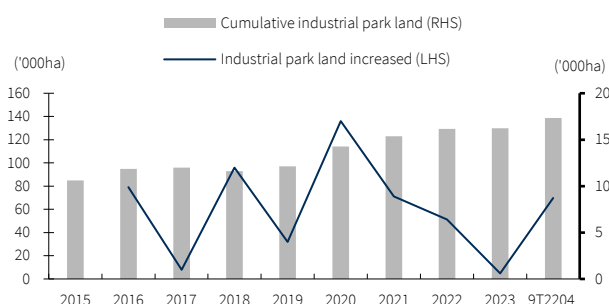
Occupancy rates remained high in both the North and the South

Both the Northern and Southern regions saw increased demand for land leasing, with IP land occupancy rates in 3Q2024 recorded at 80% (-0.2pp YoY) in the North and 89% (-2.8pp YoY) in the South. The slight dip in occupancy rates compared to the same period a year earlier is attributed to an increase in IP land supply in 2024 compared to 2023. While the North mainly caters to electronics manufacturers, the South attracts a diverse range of industries such as textiles, rubber, and electronics. In total, 330 ha of IP land were leased in the North, and 344 ha were leased in the South during 9M2024.

The pace of lease rate increases has slowed down

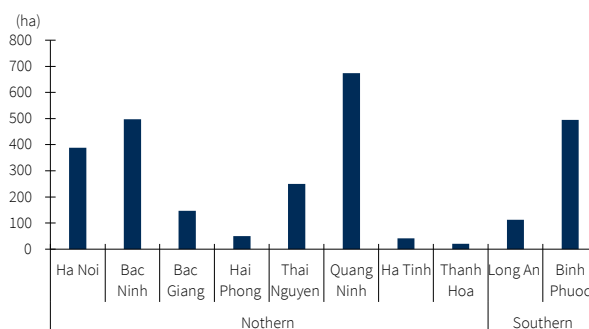
Rental prices for IP land have started to stabilize, particularly in the South. In 3Q2024, lease prices across tier-1 provinces and cities in the South rose slightly by 1% YoY, averaging USD174/m²/lease term. Meanwhile, in the North, the average lease price grew by 4.6% YoY to USD137/m²/lease term.

Fig 6. Vietnam – IP supply (ha)



Source: Ministry of Planning & Investment, KB Securities Vietnam

Fig 7. Vietnam – Approved IP land area for investment and operation in 9M2024 (ha)



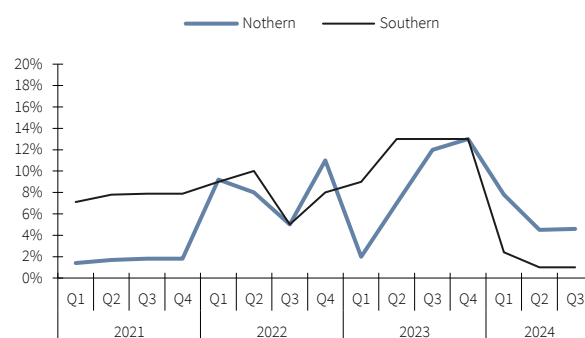
Source: Ministry of Planning & Investment, KB Securities Vietnam

Fig 8. Vietnam – IP lease rates (USD/m²/lease term)



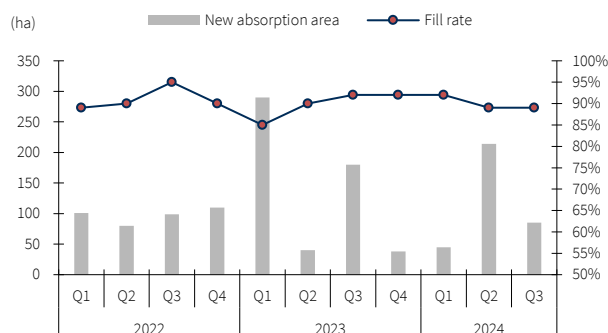
Source: CBRE, KB Securities Vietnam

Fig 9. Vietnam – Average lease price growth in Tier 1 markets (%YoY)



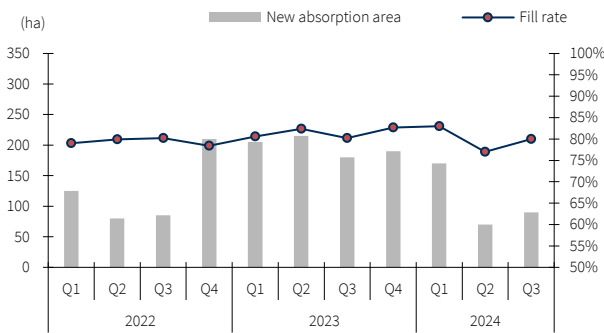
Source: CBRE, Ministry of Construction, KB Securities Vietnam

Fig 10. Southern Vietnam – IP absorption (ha, %)



Source: CBRE, KB Securities Vietnam

Fig 11. Northern Vietnam – IP absorption (ha, %)



Source: CBRE, KB Securities Vietnam

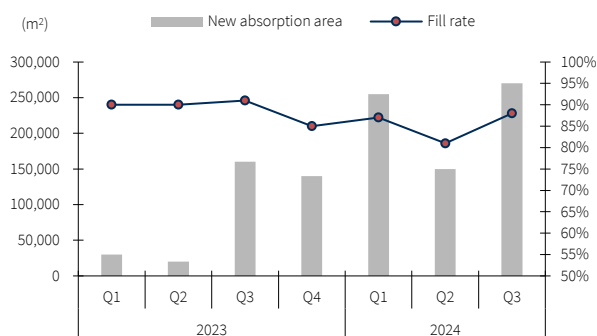
The demand for ready-built factories remained consistently high

Despite a significant increase in supply, occupancy rates remained high in both the North and the South, reflecting sustained strong demand for ready-built factory leasing. As of 3Q2024:

- **The North:** New supply of ready-built factories in tier 1 markets reached over 4.0 million m² (+21.3% YoY), with an occupancy rate of 91% (+9bps YoY).
- **The South:** New supply totaled approximately 6.3 million m², up 16.8% YoY, largely driven by Binh Duong, with an occupancy rate of 88%.

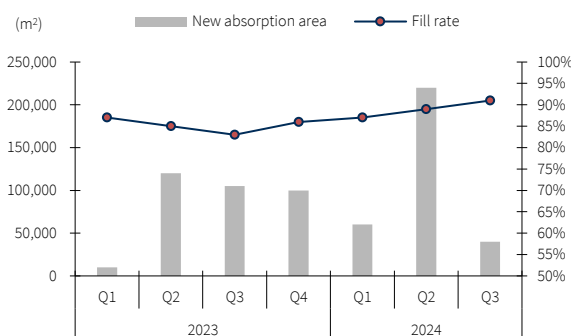
With stable demand and high occupancy rates, lease price growth for ready-built factories should maintain a steady increase of 1–2% YoY in both regions.

Fig 12. Southern Vietnam – New absorption area and occupancy rate of ready-built factories (m², %)



Source: CBRE, KB Securities Vietnam

Fig 13. Northern Vietnam – New absorption area and occupancy rate of ready-built factories (m², %)



Source: CBRE, KB Securities Vietnam

Business outlook for 2025

We anticipate continued positive growth in FDI inflows into Vietnam, with further contributions from the semiconductor sector. However, given the policy uncertainties under Donald Trump's administration, we believe multinational companies may delay their investment plans in 1H2025. We project a 7% YoY growth in registered FDI in 2025 and a 10% YoY growth in 2026.

Escalating trade tensions may prompt multinational corporations to shift production to Vietnam

We expect Vietnam to continue benefiting from the US-China trade tensions, positioning itself as a favorable destination for companies seeking to relocate production from China. Key advantages include: (i) significantly lower production costs compared to China; (ii) proximity to China, facilitating production shifts; (iii) Vietnam's strategic "bamboo diplomacy," which helps mitigate political risks; (iv) a strong focus on infrastructure investment; and (v) Free Trade Agreements (FTAs) with over 60 countries worldwide. These factors are expected to drive further FDI inflows into Vietnam, boosting demand for IP land leases.

Recent developments highlight Vietnam's growing potential to attract FDI inflows into the semiconductor industry

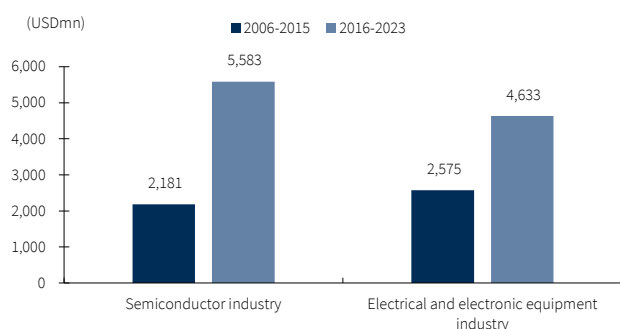
Recent developments indicate that Vietnam is emerging as a promising destination for FDI in the semiconductor sector. Since 2023, Vietnam has seen a significant increase in semiconductor investment projects, positioning itself just behind Singapore and Malaysia within the ASEAN region. Notable investments include Samsung's additional USD1.2 billion in the Samsung Electro-Mechanics plant (Yen Binh IP – Thai Nguyen), Amkor Technology's USD1.6 billion investment in a new factory (Yen Phong II-C IP – Bac Ninh), and Hana Micron's USD1.6 billion investment, which includes expanding an existing plant and opening a new one (Yen Phong II-C IP – Bac Ninh). These projects focus primarily on the supporting segments of the industry (ATP – assembly, testing, and packaging). Additionally, the world's largest semiconductor company, Nvidia, invested USD250 million in Vietnam in 2023 through a partnership with FPT.

Looking ahead, we expect Vietnam to attract more FDI in the semiconductor industry, particularly in the ATP (assembly, testing, and packaging) process, due to:

- **Intensified competition in the semiconductor industry** between the US and China, which is prompting multinational companies to relocate production to Vietnam;
- **Vietnam's geographic advantage**, located near China, the world's leading supplier of essential minerals for the semiconductor industry, which accounts for 79% of global raw silicon production (used in chip manufacturing). This proximity helps reduce transportation costs for FDI companies operating in Vietnam;

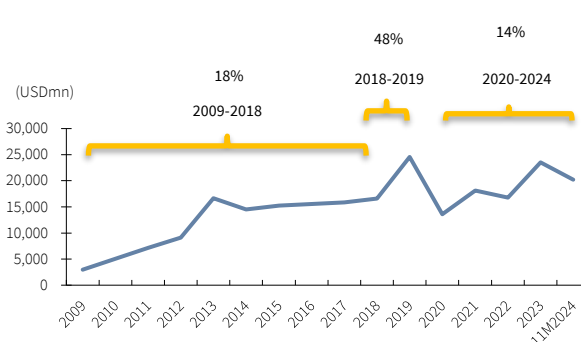
- **Government initiatives to attract FDI into the semiconductor sector**, as outlined in Decision No. 1018/QĐ-TTg (September 21, 2024), focusing on: (i) manufacturing specialized chips; (ii) expanding the electronics and electrical industries; (iii) cultivating a skilled workforce of semiconductor engineers; (iv) positioning Vietnam as a prominent new destination in the global supply chain.

Fig 14. ASEAN – FDI into the semiconductor and electrical & electronic equipment industries (USDmn)



Source: UNCTAD, KB Securities Vietnam

Fig 15. Vietnam – FDI into the processing and manufacturing industry (USDmn)



Source: General Statistics Office, KB Securities Vietnam

Table 1. ASEAN – Investment projects by top 10 multinational technology companies during 2020 – 2024

	Multinational	Headquarters	Market cap (USDbn)	Investment in ASEAN	Total investment (USDmn)	Period
1	Nvidia	US	2,147	<ul style="list-style-type: none"> - Indonesia: Partnership with Indosat - Singapore: Partnership with Singtel - Vietnam: partnership with FPT to build FPT AI factory, with an investment of USD250 million. Nvidia committed to investing USD4-4.5 billion in 2025 – 2030 in Vietnam. - Malaysia: Joint venture with YTL 	200 n/a 250 4,000	2024 2024 2023 2023
2	TSMC	Taiwan	724	<ul style="list-style-type: none"> - Singapore: Joint Venture with NXP (Netherlands) 	n/a	2023
3	Broadcom	US	611	<ul style="list-style-type: none"> - Singapore: Partnership with Singtel 	n/a	2024
4	SamSung	South Korea	416	<ul style="list-style-type: none"> - Vietnam - Vietnam - Vietnam - Singapore: Partnership with IBM (United States) and M1 (Singapore) 	1,200 3,300 850 n/a	2023 2022 2021 2021
5	ASML	Finland	385	<ul style="list-style-type: none"> - Singapore 	n/a	2022
6	Advanced Micro Devices	US	268	<ul style="list-style-type: none"> - Malaysia - Malaysia - Singapore 	n/a 454.5 50	2023 2022 2022
7	Qualcomm	US	189	<ul style="list-style-type: none"> - Singapore: Partnership with Singtel - Vietnam 	n/a n/a	2024 2020
8	Applied Materials	US	169	<ul style="list-style-type: none"> - Singapore - Singapore 	600 213	2022 2021
9	Intel	US	168	<ul style="list-style-type: none"> - Malaysia - Malaysia - Vietnam 	6,770 7,000 475	2023 2021 (in 10 years) 2021
10	Texas Instruments	US	153	<ul style="list-style-type: none"> - Malaysia 	3,200	2023

Source: asean.org, KB Securities Vietnam

Table 2. ASEAN – Major semiconductor projects (supporting process) in 2022–2024

	Multinational	Headquarters	Investment project	Total investment (USDmn)	Country	Period
1	Amkor Technology	US	New factory	1,600	Vietnam	2023
2	AT&S	Australia	An integrated chip manufacturing facility	1100	Malaysia	2023
3	Hana Micron Vina	South Korea	New factory	600	Vietnam	2023
			Factory expansion	1,000	Vietnam	2023 (investment plan)
4	Kyocera	Japan	Factory expansion	671	Thailand	2023 (in 3 years)
			New factory	300	Thailand	2022
5	Osram	Germany	New factory	1,000	Malaysia	2022
6	Renesas Electronics	Japan	R&D factory	n/a	Vietnam	2023
7	Siltronic	Germany	Factory expansion	2,200	Singapore	2024
8	United Microelectronics	Taiwan	Factory expansion	5,000	Singapore	2023

Source: asean.org, KB Securities Vietnam

Table 3. Vietnam – Government policies to develop high-tech industry

Policies	Content
Developing a skilled workforce for the semiconductor industry	Researching and proposing amendments to the policy mechanism on tuition fee exemptions and reductions for students enrolled in specialized training programs related to the semiconductor industry
Providing support for training and research and development expenses	Providing support for training and human resource development costs (up to 50%) for actual expenses incurred by businesses in a given year for activities aimed at developing the Vietnamese workforce Providing support for research and development costs (up to 30%) for actual expenses incurred by businesses in a given year for R&D activities
Providing support for fixed asset investment expenses	Providing support for investment costs (up to 10%) for the creation of fixed assets that businesses have actually invested in and expanded
Providing support for production costs	Providing support for production costs (up to 3%) for high-tech products, based on the added value of the products produced
Providing support for infrastructure investment costs	Providing support for investment costs (up to 25%) in social infrastructure systems for investment in social infrastructure projects

Source: asean.org, KB Securities Vietnam

Short-term risks are linked to uncertainties surrounding Donald Trump 2.0's policy

President-elect Trump may unveil more details of his plans in the early months of 2025. Certain policies, including tariff measures, may be enacted sooner through the executive powers of the US government. While we expect Vietnam to not be a target of Donald Trump 2.0's tariff policies, its position as the third-largest trade deficit country with the US could lead to delays in FDI disbursements and new project implementations in the first half of 2025, especially while the policy direction under Donald Trump's presidency remains uncertain.

IP supply is projected to increase in 2025, with significant growth anticipated from 2026 onwards

We believe that finalizing the legal framework and expediting the conversion of rubber plantations will boost the supply of IP land in the coming years, particularly after 2026 when the annual land price list is implemented.

The introduction of an annual land price list would help expedite site clearance

We expect that the 2024 Land Law, which introduces provisions for an annual land price list (effective from 2026), will accelerate the land clearance process. However, this will also lead to higher investment costs for new projects. As a result, we place significant value on companies with large land banks and those that have already completed land clearance, such as SIP and IDC.

Decision 227/QĐ-TTg, which adjusts land usage quotas, is expected to alleviate project delays

Decision 227/QĐ-TTg, issued in March 2024, adjusts land usage quotas by adding new allocations for several provinces, particularly Bac Ninh, Thai Binh, and Binh Phuoc, where additional land areas of up to 600–700 ha have been designated. This adjustment is expected to positively impact project timelines in regions with increased land quotas, helping resolve delays in implementation or land handover caused by previous land usage restrictions. Companies benefiting from this decision are KBC (Nam Son Hap Linh IP) and NTC (Bac Dong Phu IP).

The conversion of rubber land into industrial land would significantly contribute to IP land supply

Vietnam currently has over 900,000 ha of rubber land, primarily concentrated in the provinces of Binh Phuoc, Tay Ninh, Ba Ria – Vung Tau, Dong Nai, and Binh Duong. Notable listed companies with significant rubber land reserves include GVR (25,000 ha), PHR (5,600 ha), and DPR (2,000 ha).

According to provincial IP planning, a total of 20,036 ha of rubber land is expected to be converted into IP land by 2025. This includes 2,994 ha in Binh Phuoc, 3,265 ha in Tay Ninh, 3,933 ha in Ba Ria – Vung Tau, 6,760 ha in Dong Nai, and 3,084 ha in Binh Duong. This conversion will significantly boost the supply of IP land. With the completion of the legal framework, it is anticipated that IPs transitioning from rubber land will be quickly approved.

However, we expect that land in Tier 1 provinces like Dong Nai, Binh Duong, and Ba Ria – Vung Tau will be prioritized for investment approval and land use conversion due to their high occupancy rates and strong demand for land leases.

In the 2025–2030 period, GVR plans to convert more than 23,000 ha of rubber plantation land into IP land in areas such as Binh Duong, Dong Nai, Ba Ria – Vung Tau, and Tay Ninh. PHR plans to convert 4,700 ha, mainly in Binh Duong, and DPR is set to convert 1,619 ha, primarily in Binh Phuoc.

Lease rates are expected to continue their uptrend over the next three years

KBSV forecasts that lease prices will continue to rise over the next three years, although the pace of growth may moderate compared to the 2020–2023 period. We project rental price increases of 3–5% for Northern IPs and 1–3% for Southern IPs, driven by:

- **Sustained growth in FDI inflows:** FDI is expected to continue growing, driving demand for land rental in both the Northern and Southern regions.
- **Strong demand for land leases in the North:** Rental prices in the North remain lower than in the South, which is likely to stimulate demand. Additionally, the North's proximity to China enhances its appeal for high-tech FDI.
- **Key infrastructure investments:** Ongoing investments in infrastructure are enhancing regional connectivity, further attracting FDI inflows.

Legal policies are moving in a positive direction

We believe that the 2024 Land Law will serve as a key turning point for companies to expedite legal procedures. Moreover, the establishment of an Investment Support Fund for businesses will strengthen Vietnam's competitive position in attracting FDI, particularly in high-tech sectors, and drive increased demand for IP land rentals.

Table 4. Vietnam – Major legal amendments in 2024

Regulations	Content	KBSV's Notes
LAND LAW 2024		
- Applying the land price list	The land price list will be issued annually by the provincial People's Councils (applicable from 2026), replacing the five-year land price bracket system established under the 2013 Land Law.	Annual updates to the land price list will align compensation rates for site clearance more closely with current market values, addressing site clearance challenges in most IPs. However, IP developers will face higher initial investment costs. As a result, we believe companies with clean land banks and completed site clearance processes, such as IDC and SIP, will have a distinct competitive edge.
- Forms of land lease payment	Investors can transition from the lump-sum land rental payment model to an annual payment system.	IP developers will have more flexibility in managing cash flows and reducing the pressure of initial investment costs.
- High-tech IP developers are permitted to choose the planning unit	The High-tech IP Management Board will no longer be responsible for detailed construction planning of high-tech IPs; this responsibility shall be transferred to the selected investor.	High-tech IP developers will also have more flexibility in obtaining investment and construction approvals.
- Streamlining and reducing of the authority of the Economic Zone Management Board	The Economic Zone Management Board will no longer have the authority to allocate land, lease land, or conduct compensation and site clearance. These responsibilities shall be transferred to the provincial and district-level People's Committees.	The removal of the Economic Zone Management Board's intermediary role will help streamline administrative procedures, enhance transparency, and create a more investor-friendly environment.
- Land area designated for social housing construction is exempt from land use fees and lease payments	Projects in priority investment sectors, including social housing construction, will be exempt from or eligible for reductions in land use fees or land rent.	The encouragement of social housing construction will help address the housing needs of workers in IPs.
INVESTMENT SUPPORT FUND		
- Establishing, managing, and using the Investment Support Fund for funds and enterprises	Entities eligible for investment support include high-tech enterprises, companies investing in high-tech product manufacturing, businesses applying high-tech solutions, and those investing in research and development centers.	This will help strengthen Vietnam's competitive position in attracting FDI, particularly in high-tech IPs.

Source: KB Securities Vietnam

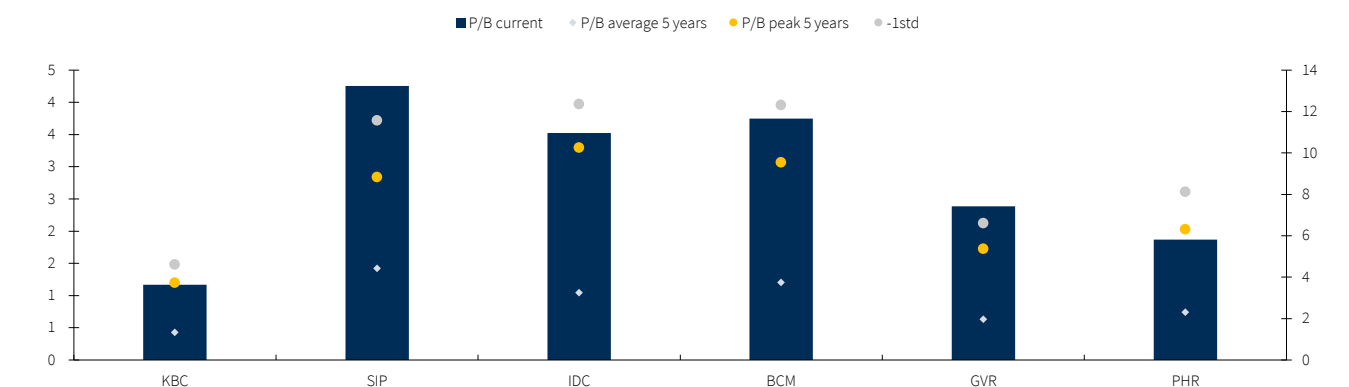
The outlook for the industrial real estate sector appears promising

Most companies are currently trading at a P/B ratio close to their 5-year average, which we believe reflects expectations for a recovery in financial performance in 2024.

KBSV evaluates the outlook for the industrial real estate sector in 2025–2026 as positive, driven by: (i) strong FDI inflows fueling demand for IP land leasing; (ii) major IP developers overcoming legal obstacles, thereby expanding leasable land area; and (iii) expected continued rental price hikes thanks to sustained demand.

We recommend IP developers with: (1) large leasable land areas, such as **SIP** (over 1,000 ha); (2) significant land banks in prime locations, like **KBC** (Trang Due IP – Hai Phong, 687 ha potentially available for lease in 2025), and **BCM** (Cay Truong IP – Binh Duong, 700 ha approved for investment in 2024). In the long term, investors should also consider stocks of companies owning large areas of rubber land being converted into IPs, such as **GVR** and **PHR**, which offer a positive outlook driven by steady compensation payments and land leasing income over the years.

Fig 16. Vietnam – P/B of IP developers



Source: Bloomberg, KB Securities Vietnam



Companies

Kinh Bac City (KBC)

Sai Gon VRG (SIP)

Vietnam Rubber Group
(GVR)

Kinh Bac City (KBC)

Large projects progressing slower than expected

September 5, 2024

Analyst Nguyen Thi Ngoc Anh
anhntn@kbsec.com.vn

2Q24 NPAT & revenue were VND237 billion (~74% YoY) and VND892 billion (~62% YoY)

In 2Q24, Kinh Bac City Development (KBC) posted VND237 billion (~74% YoY) in NPAT on revenue of VND892 billion (~62% YoY). 1H24 revenue hit VND 1,044 billion (plunging by 77% YoY due to the area of land handed over in 1H24 reaching only 15ha compared to 128ha in 1H23), and NPAT was VND151 billion (~92% YoY).

KBC is expected to hand over 51ha of industrial park land for lease in 2024

Due to the slower-than-expected handover speed of existing projects and the legal progress of large projects, we forecast that KBC's industrial park land area leased this year will reach 51ha, including 14ha from Quang Chau Industrial Park, 27ha from Nam Son Hap Linh Industrial Park (NSHL) and 10ha from Tan Phu Trung Industrial Park. Trang Due 3 expects to complete legal procedures and hand over land for lease as early as 2025.

KBC successfully issued VND1,000 billion in 24-month bonds on August 28

On August 28, 2024, KBC issued VND1,000 billion in 24M bonds, offering an annual coupon of 10.5%/year, interest payment dues every six months. The proceeds from the bond issuance should be used to restructure the company's debts.

Valuation: BUY rating – Price target VND35,900

Based on the business outlook and valuation results, we recommend BUY for KBC shares with a target price of VND35,900, 36.2% higher than the closing price of VND26,350 on September 4, 2024.

Buy maintain

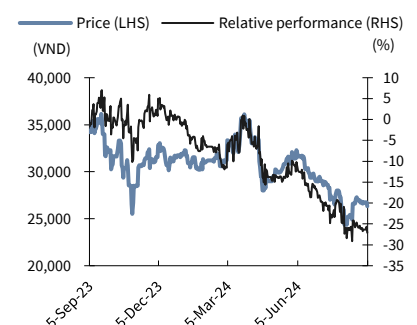
Target price	VND35,900
Upside	36.2%
Current price (Sep 4, 2024)	VND26,350
Consensus target price	VND36,900
Market cap (VNDtn/USDtn)	20.3/0.8

Trading data	
Free float	75%
3M avg trading value (VNDbn/USDmn)	93.6/3.7
Foreign ownership	20.6%
Major shareholder	Chairman Dang Thanh Tam (18.1%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	8.2	-16.6	-20.9	-23.0
Relative	0.8	-15.9	-21.3	-26.3

Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	950	5,618	2,865	4,716
Operating income/loss (VNDbn)	1,577	2,245	959	1,817
NPAT-MI (VNDbn)	1,526	2,031	868	1,644
EPS (VND)	1,993	2,646	1,130	2,141
EPS growth (%)	20%	33%	-57%	89%
P/E (x)	13	10	23	12
P/B (x)	0.9	1.0	1.0	0.9
ROE (%)	9%	11%	5%	8%
Dividend yield (%)	0%	0%	0%	0%



Source: Bloomberg, KB Securities Vietnam

Sai Gon VRG (SIP)

Sustaining margins via site clearance acceleration

November 26, 2024

Analyst Nguyen Thi Trang
trangnt6@kbsec.com.vn

SIP owns large land bank located in prime locations

Among the industrial park (IP) developers operating in the South, Sai Gon VRG Investment Corporation (SIP) owns the largest land bank which is now available for lease (1,005ha). The specific IPs include Phuoc Dong IP (759ha) in Tay Ninh; Loc An – Binh Son IP (116ha) near Long Thanh – Dong Nai Airport; Le Minh Xuan 3 IP (105ha), and Dong Nam IP (25ha) in Ho Chi Minh City.

It took advantage of low land clearance costs

By the end of 3Q24, 93% of SIP's IP area has completed site clearance, equivalent to 832ha land ready for lease. We believe that SIP has the advantage of proactively accelerating the site clearance progress from previous years at low cost, thereby (1) maintaining competitive rents in Phuoc Dong IP, attracting customers and (2) increasing GPM in new leased areas at Le Minh Xuan 3, Loc An – Binh Son, and Dong Nam IP thanks to strong price uptrend in these areas.

Power supply segment profits were optimized after SIP was licensed to invest in substations

SIP is one of the few IP developers licensed to build electrical substations and transmit electricity to IPs, so the power segment of the corporation gains a good GPM (about 6%). As SIP has invested in the 110KV Phuoc Dong – Boi Loi 5 substation in 2024, we project that its electricity output will increase 15% YoY in 2024 and reach a CAGR of 11% in the period 2025–2028, equivalent to the growth rate in 2019–2023.

Valuation: BUY rating – Target price VND89,500

We initiate BUY for SIP with a target price of VND89,500, 16% higher than the closing price on November 25, 2024.

Buy initiate

Target price	VND89,500
Upside	16%
Current price (Nov 25, 2024)	VND77,300
Consensus target price	VND96,300
Market cap (VNDtn/USDtn)	15.8/0.6

Forecast earnings & valuation

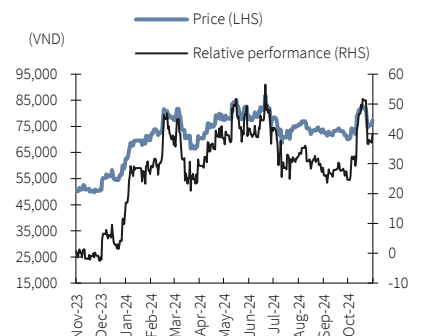
FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	6,035	6,677	7,986	8,936
Operating income/loss (VNDbn)	1,239	1,263	1,538	1,658
NPAT-MI (VNDbn)	977	927	1,147	1,239
EPS (VND)	10,518	5,098	5,447	5,884
EPS growth (%)	17.0	-51.5	6.8	8.0
P/E (x)	2.7	10.8	13.9	12.8
P/B (x)	0.7	2.5	3.7	3.5
ROE (%)	28.1	24.1	27.5	28.0
Dividend yield (%)	7.7	5.3	4.6	5.3

Trading data

Free float	57.0%
3M avg trading value (VNDbn/USDmn)	29.1/1.2
Foreign ownership	2.8%
Major shareholder	An Loc Urban Development & Investment (19.8%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	1.8	-0.7	-6.8	46.7
Relative	8.0	4.6	-1.1	37.5



Source: Bloomberg, KB Securities Vietnam

Vietnam Rubber (GVR)

Rubber is the main growth driver

September 16, 2024

Analyst Nguyen Ngoc Anh
anhntn1@kbsec.com.vn

1H24 revenue hit VND9,238 billion (+11% YoY), equal to 37% of the 2024 revenue objective

In 1H24, Vietnam Rubber Group (GVR) posted VND9,238 billion in net revenue (+11% YoY). The main revenue contributor is the core business, natural rubber, with revenue gaining 10% YoY to VND6,669 billion thanks to higher prices of all rubber types (+10–25% YoY). By the end of 1H24, GVR has completed 37% of the revenue plan set for 2024.

GVR's rubber price is expected to remain high and gain 17% YoY until the end of the year

The Association of Natural Rubber Producing Countries (ARNPC) forecasts a natural rubber shortage of up to 1.24 million tons this year. We expect GVR's rubber prices to remain high until at least early 2025, and the average price in 2024 should gain at least 17% YoY amid concerns over global increasing supply shortages.

Large, converted rubber plantation area in the Southern provinces ensures GVR's potential for industrial park development

In August 2024, the planning of Binh Duong and other provinces where GVR owns large land area like Tay Ninh, Ba Ria-Vung Tau (BR-VT), and Binh Phuoc were approved, making the potential for GVR's converting its large rubber land to industrial parks more obvious. This will ensure long-term growth for the enterprise with a steady cash flow from compensation and leasing of industrial parks.

Valuation: BUY rating – Target price VND40,200/share

We recommend BUY for GVR shares with a target price of VND40,200/share, corresponding to a return of 16.2% compared to the closing price on September 13, 2024.

Buy maintain

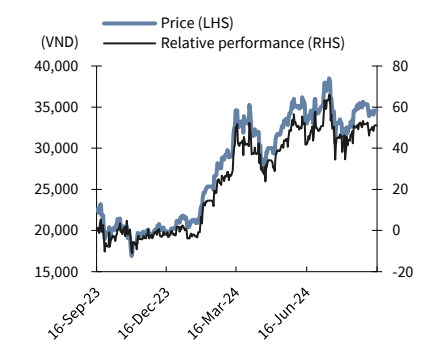
Target price	VND40,200
Upside	16.2%
Current price (Sep 13, 2024)	VND34,600
Consensus target price	VND35,200
Market cap (VNDtn/USDbn)	138.4/5.6

Trading data	
Free float	3.2%
3M avg trading value (VNDbn/USDmn)	122.2/4.8
Foreign ownership	0.5%
Major shareholder	CMSC (96.8%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	0.1	4.8	0.0	53.1
Relative	0.2	7.1	1.0	51.1

Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	25,421	22,138	25,488	27,147
Operating income/loss (VNDbn)	4,445	2,796	4,511	5,445
NPAT-MI (VNDbn)	3,882	2,623	3,426	4,207
EPS (VND)	807	485	857	1,052
EPS growth (%)	-22%	-40%	77%	23%
P/E (x)	42.9	71.3	40.4	32.9
P/B (x)	2.6	1.8	2.3	2.1
ROE (%)	9%	6%	7%	8%
Dividend yield (%)	0.1%	0.1%	0.1%	0.1%



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 – Analyst

nguyennd1@kbsec.com.vn

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

anhtd@kbsec.com.vn

Nghiem Sy Tien – Analyst

tienns@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.