

Sai Gon Cargo (SCS)

Challenges from Long Thanh International Airport

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9M25 revenue/NPAT respectively touched VND870 billion (+17% YoY)/VND563 billion (+8% YoY)

After 9M25, SCS Cargo Service (SCS) logged VND 870 billion in revenue (+17% YoY), achieving 74% of its full-year target. NPAT reached VND563 billion (+8% YoY), a much slower growth rate compared to revenue as the corporation has no longer enjoyed tax incentives since the end of 2024 and had to pay 20% tax rate from 2025.

Cargo throughput at SCS should post positive growth until mid-2026 before LTA becomes operational

International cargo throughput at SCS in 2025/1H26 is projected to reach 10.5%/7% YoY, driven by: (1) continued growth in demand for semiconductors and electronic components exported to the US, (2) the government's target of 10% GDP growth in 2026, and (3) airlines continuously expanding their fleets, increasing frequency, and opening new international routes.

SCS may lose some market share in LTA from 2H26

We expect that after the infrastructure connecting to Long Thanh International Airport (LTA) is completed, the allocation of international flights between LTA and Tan Son Nhat International Airport (TSN) will fluctuate around 75%/25%. The proportion of international cargo from Ho Chi Minh City to LTA in 2026/2027/2028F may touch 35%/50%/60%.

The 2025 dividend is expected to be VND5,000 per share

We believe SCS will maintain a high cash dividend yield in the coming years. The dividend for 2025 is expected to be VND5,000 per share.

NEUTRAL rating – Target price VND56,800

Based on valuation results, we changed to NEUTRAL rating on SCS shares with a target price of VND56,800 apiece.

Neutral change

Target price VND56,800

Upside	9.2%
Current price (Dec 22, 2025)	VND52,000
Consensus target price	-
Market cap (VNDtn/USDbn)	4.9/0.2

Trading data

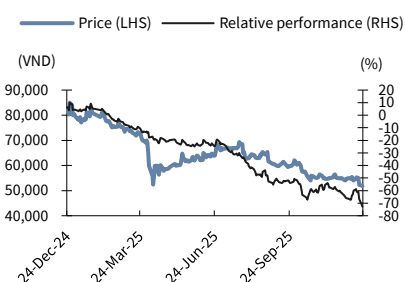
Free float	45.0%
3M avg trading value (VNDbn/USDmn)	17.1/0.7
Foreign ownership	9.8%
Major shareholder	Gemadep (GMD, 33.42%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	-6	-13	-19	-32
Relative	-13	-21	-49	-73

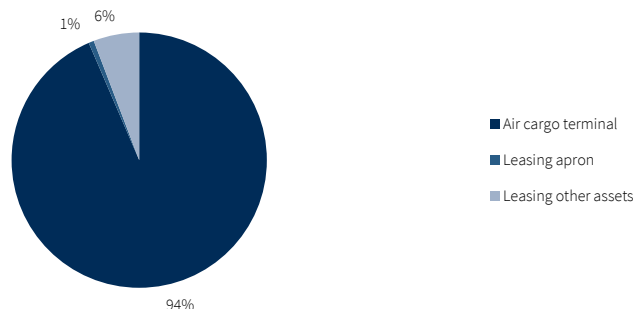
Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	705	1,037	1,170	1,061
Operating income/loss (VNDbn)	571	785	923	802
NPAT-MI (VNDbn)	498	693	736	640
EPS (VND)	4,638	6,547	7,212	6,206
EPS growth (%)	-29	41	10	-14
P/E (x)	13	9	8	10
P/B (x)	5	4	4	4
ROE (%)	37	49	48	38
Dividend yield (%)	6	8	10	8



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Sai Gon Cargo Service, KB Securities Vietnam

Business operation

Saigon Cargo Service Corporation (SCS) was established in 2008 and is currently the second largest air cargo terminal operator at Tan Son Nhat International Airport with a market share of 48%. Major shareholders of SCS include Gemadept Corporation (GMD, 33.4%) and Airports Corporation of Vietnam (ACV, 13.6%).

Terminal operation is the main business of SCS. Currently, it continues to purchase equipment to increase cargo handling capacity to 350,000 tons/year.

Investment Catalysts

International cargo is the main growth driver for SCS in the short term, with throughput in 2025/1H26F growing by 10.5%/7% YoY.

International cargo through SCS may decline from 2H26, with 35%/50%/60%/70% of cargo volume from Ho Chi Minh City being allocated to LTA in 2H26/2027/2028/2029F, before rebounding from 2031.

With a history of high cash dividend yields, the corporation should offer VND5,000/share in 2025/2026F payments.

Notes

Please see more details below

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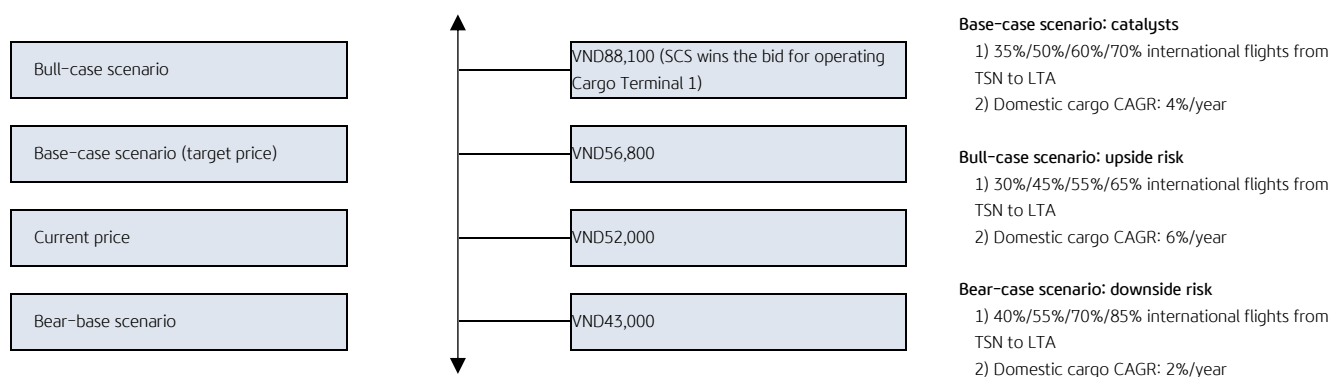
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	1,171	1,062	1%	-13%	1,107	1,141	6%	-7%
EBIT	1,020	881	6%	-15%	837	816	22%	8%
NP after MI	736	656	4%	-14%	699	713	5%	-8%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



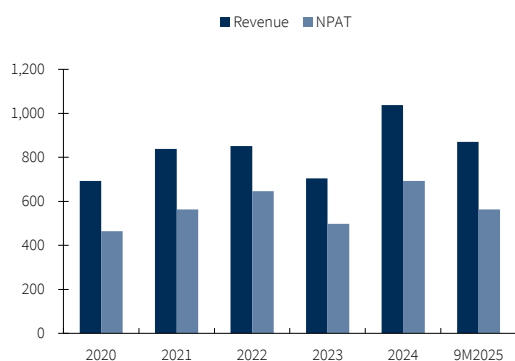
Business performance

Table 1. SCS – 1H25 updated results

(VNDbn, %)	3Q24	3Q25	+/-%YoY	9M24	9M25	+/-%YoY	Notes
Revenue	266	312	17%	743	870	17%	9M25 revenue met 74% of full-year objective (VND 1,172 billion). Cargo volume in 9M25 reached over 202,000 tons (+4% YoY), including: - International cargo (high revenue/ton) hit 163,000 tons (+10% YoY) on strong demand for transporting semiconductor products and electronic components (which account for a significant proportion of Vietnam's air transport). - Domestic cargo reached nearly 40,000 tons (-15% YoY) as the main customer, Vietjet (VJC), focused its resources on international routes.
Terminal operation	249	294	18%	693	818	18%	
Airport apron	1.3	1.3	-2%	4	4	0%	
Other services	15	16	3%	46	48	5%	
Gross profit	213	251	18%	594	700	18%	
Gross profit margin	80%	81%	1 ppt	80%	80%	0%	
Financial income	12	18	51%	41	50	22%	
Financial expenses	0.0	0.0	-100%	0.08	0	-100%	
SG&A	-15	-15	0%	43	45	5%	
Operating profit/loss	210	254	21%	592	705	19%	
Other income	-1	1	-265%	-2	-1	-50%	
Profit before taxes (PBT)	209	255	22%	591	705	19%	This was equal to 82% of 2025 NPAT plan (VND860 billion).
Profit after taxes (NPAT)	186	204	10%	523	563	8%	
NPAT margin	70%	65%	-5 ppts	72%	71%	-1 ppt	NPAT margin declined after SCS was subject to 20% tax rate from 2025.

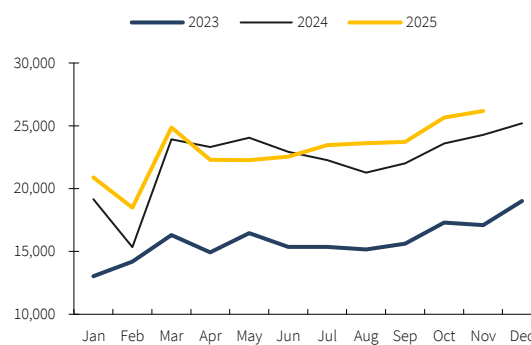
Source: Sai Gon Cargo Service, KB Securities Vietnam

Fig 2. SCS – Revenue & NPAT (VNDbn)



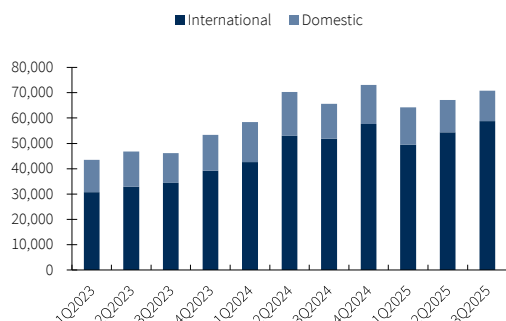
Source: Sai Gon Cargo Service

Fig 3. SCS – Cargo throughput (ton)



Source: Sai Gon Cargo Service

Fig 4. SCS – Cargo throughput composition (ton)



Source: Sai Gon Cargo Service, KB Securities Vietnam

Cargo throughput through SCS should maintain its positive growth

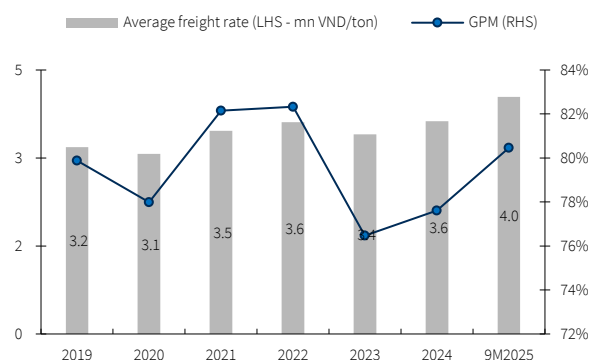
Cargo throughput through SCS is expected to maintain its positive momentum before LTA – Phase 1 officially comes into operation from mid-2026, with projected international cargo throughput growth for 2025/1026 reaching 10.5%/7%. Growth drivers come from: (1) further increased demand for semiconductor and electronic component exports to the US, triggered by a strong wave of investment in AI and data centers, (2) the ongoing trend of shifting production chains out of China ensuring Vietnam's role in the supply chain, (3) the Government's target of 10% GDP growth by 2026 supporting production and import/export activities, and (4) airlines increasing fleet size, frequency and opening new international routes improving connectivity for TSN, attracting more cargo to SCS.

SCS may lose some market share in LTA from 2H26

We assess that it is nearly unfeasible to transfer all international flights from Ho Chi Minh City to LTA. Experience from countries such as South Korea, Japan, and Thailand (Table 6) shows that the parallel model of a central airport near the city and a large-scale airport far from the city center has been maintained to optimize operational efficiency (South Korea also once advocated for relocating all international flights to Incheon). The arrangement of the airport near the city center continues to serve short international flights and a portion of long-haul flights requiring quick access to the city center, while the new airport takes on the role of transiting and operating international routes, helping to (1) reduce travel time for passengers, better suited to short-term, high-frequency travel needs, and (2) optimize the operating costs of airlines.

We expect that after the infrastructure connecting to LTA is completed, the allocation of international flights between LTA and TSN will fluctuate around 75%/25% and 80%/20% (currently, international routes from Ho Chi Minh City with a distance of less than 1,000 km are estimated to account for nearly 20% of the total international routes). The proportion of international cargo allocation from Saigon Ground Services (SGN) via LTA in 2026/2027/2028F may reach 35%/50%/60%.

Fig 5. SCS – Service rates & GPM of terminal operation (VNDmn/ton, %)



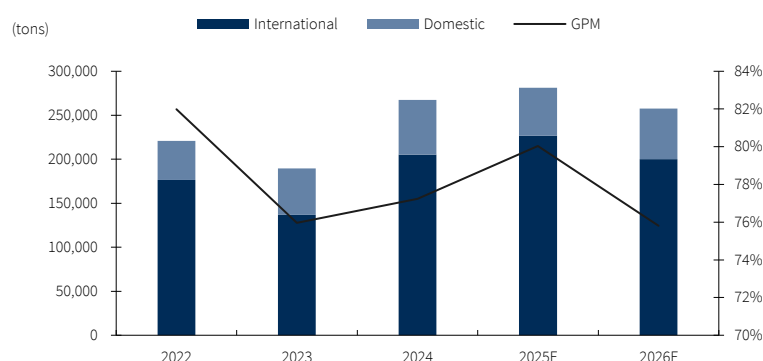
Source: Sai Gon Cargo Service, KB Securities Vietnam

Table 6. Asia – Airport model comparison in some countries

Country	Airport	Operating since	Distance to the city center	Route operation
Thailand	Suvarnabhumi	2006	32km	Long international routes, major airlines
	Don Mueang	1924	24km	Domestic and short international routes, low-cost airlines
Korea	Incheon	2001	50km	Long international flights, some domestic routes
	Gimpo	1958	20km	Primarily domestic, short international flights (from and to Japan, China, Taiwan, and Russia)
Japan	Narita	1978	67km	Long international routes
	Haneda	1931	21km	Domestic routes, short international flights (Asia) and some long international flights

Source: Sai Gon Cargo Service, KB Securities Vietnam

Fig 7. SCS – Cargo throughput & GPM in 2022 – 2026 (ton, %)



Source: Sai Gon Cargo Service, KB Securities Vietnam

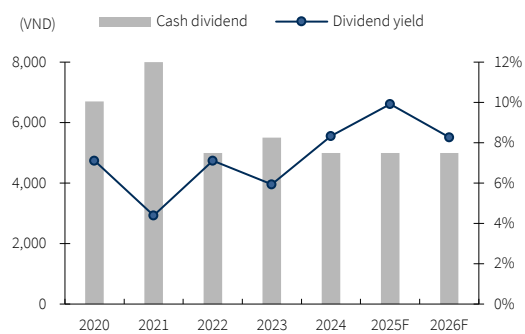
The potential to join a cargo terminal project at LTA may brighten long-term prospects

If SCS wins the bid to operate Cargo Terminal No. 1 at LTA, the company's long-term growth prospects will be strengthened. According to the plan, Phase 1 of LTA includes cargo terminals No. 1 and No. 2 (both with a designed capacity of 550,000 tons/year) and one express cargo terminal (100,000 tons/year). In early 4Q25, Vietnam Airlines (HVN) was officially approved as the contractor for the Cargo Terminal No. 2 and the express cargo terminal. Although the possibility of SCS participating in the operation of the Cargo Terminal No. 1 (with Airports Corporation of Vietnam – ACV as the contractor) remains uncertain, this scenario is considered a potential factor that could support growth potential for the company in the medium and long term.

The 2025 dividend is expected to be VND5,000 per share

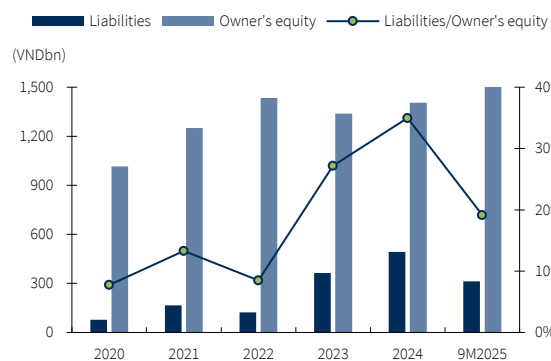
SCS has maintained high cash dividends in recent years. Recently, it approved the payment of the first dividend for 2025 on January 26, 2026, at VND2,500/share. With a healthy financial status, strong cash flow, and no debt, we believe SCS will maintain a high cash dividend rate in 2026, with the expected dividend for both 2025 and 2026 at VND5,000/share.

Fig 8. SCS – Dividend payouts over the years (VND, %)



Source: Sai Gon Cargo Service, KB Securities Vietnam

Fig 9. SCS – Liabilities/equity (VNDbn, %)



Source: Sai Gon Cargo Service, KB Securities Vietnam

Forecast & valuation

Table 10. SCS – 1H25 updated results

(VNDbn, %)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	1,037	1,171	13%	1,062	-9%	SCS will complete 100% of 2025 revenue plan (VND1,172 billion). International throughput in 2025/2026 should reach 226.7/200.1 thousand arrivals (+10.5%/-11.7% YoY). Domestic throughput in 2025/2026 may touch 55/57 thousand arrivals (-12%/5% YoY).
Terminal operation	970	1,103	14%	991	-10%	
Airport apron	7	5	-23%	6	15%	
Other services	60	63	4%	65	4%	
Gross profit	801	937	17%	805	-14%	
<i>Gross profit margin</i>	<i>77%</i>	<i>80%</i>	<i>+3 ppts</i>	<i>76%</i>	<i>-4 ppts</i>	
Financial income	57	69	23%	92	33%	
Financial expenses	1	0	-100%	0	0%	
SG&A	71	83	17%	75	-9%	
Operating profit/loss	785	923	18%	822	-11%	
Other income	-2	-3	0.1	-3	0	
PBT	783	921	18%	820	-11%	SCS will beat full-year NPAT target by 12% (VND860 billion).
NPAT	693	736	6%	656	-11%	
<i>NPAT margin</i>	<i>67%</i>	<i>63%</i>	<i>-4 ppts</i>	<i>62%</i>	<i>-1 ppt</i>	NPAT margin declines after tax incentives for SCS expired from 2025.

Source: Sai Gon Cargo Services, KB Securities Vietnam

We downgraded SCS to NEUTRAL with target price of VND56,800

Using FCFF method, based on the general situation of the air cargo service industry and current advantages, difficulties, and future prospects of the company, we give SCS a target price of VND56,800/share, equivalent to a potential upside of 9.2% compared to the closing price on December 22, 2025 in the base scenario (excluding the possibility SCS wins the bid for the LTA project):

- Foreign cargo throughput should increase 10.5% YoY in 2025 and slow down to 7% YoY in 1H26. After LTA comes into operation from mid-2026, it is assumed that 35%/50%/60%/70% of international flights will be transferred from SGN to LTA in 2H26/2027/2028/2029F.
- Local throughput in 2025 is projected to decline 12% YoY mainly due to VJC focusing on foreign routes in the context of maintenance-caused aircraft shortage. Domestic throughput should maintain a growth rate of 4-5%/year from 2026 when aircraft return to operation after maintenance, and SCS receives ordered aircraft.
- Average service rate at SCS may slightly rise 2-3%/year as the current aviation service rates in Vietnam are still lower than those in regional peers. However, we expect that after LTA operates, international service rates will remain the same or slightly decrease to attract new passengers and retain foreign airlines.

Table 11. SCS – Assumptions

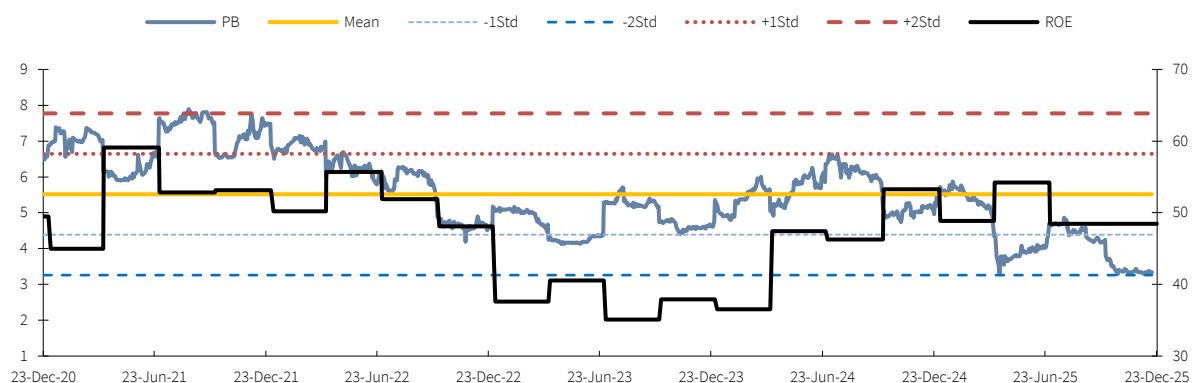
Assumption	Value
Beta	0.70
Risk-free rate	5.0%
Risk premium	8.3%
Cost of debt	8%
WACC	10.5%

Table 12. SCS – Valuation (VNDbn)

	2026	2027	2028	2029
EBIT	820	548	487	421
PV of FCFF	724	439	467	248
Terminal value				2,641
Enterprise value				4,519
Cash and cash equivalents				1,339
Debt				0
Equity				5,859
Number of outstanding shares (million shares)				103.1
Target price (VND)				56,800

Source: Sai Gon Cargo Service, KB Securities Vietnam

Fig 13. SCS – P/B & ROE (x, %)



Source: Bloomberg, KB Securities Vietnam

SCS – 2023A–2026F summarized financials & forecasts

Income Statement (VND billion)					Balance Sheet (VND billion)				
	2023	2024	2025F	2026F		2023	2024	2025F	2026F
Net sales	705	1,037	1,171	1,062	TOTAL ASSETS	1,703	1,898	2,023	2,222
Cost of sales	170	236	234	257	CURRENT ASSETS	1,163	1,388	1,523	1,735
Gross Profit	535	801	937	805	Cash and cash equivalents	163	317	437	661
Financial income	88	57	69	92	Short-term investments	899	954	954	954
Financial expenses	1	1	0	0	Accounts receivable	96	111	126	114
of which: interest expenses	0	0	0	0	Inventories	0	0	0	0
Gain/(loss) from joint ventures (from 2015)	0	0	0	0	LONG-TERM ASSETS	540	509	500	487
Selling expenses	0	0	0	0	Long-term trade receivables	0	0	0	0
General and admin expenses	52	71	83	75	Fixed assets	356	374	366	353
Operating profit/(loss)	571	785	923	822	Investment properties	43	0	0	0
Other incomes	0	1	0	0	Long-term incomplete assets	0	0	0	0
Other expenses	2	3	0	0	Long-term investments	0	0	0	0
Net other income/(expenses)	-2	-2	-3	-2	LIABILITIES	364	492	493	536
Income from investments in other entities	0	0	0	0	Current liabilities	358	487	489	532
Net accounting profit/(loss) before tax	569	783	921	820	Trade accounts payable	12	6	12	8
Corporate income tax expenses	70	90	184	164	Advances from customers	0	1	0	0
Net profit/(loss) after tax	498	693	736	656	Short-term unrealized revenue	0	0	0	0
Minority interests	0	0	0	0	Short-term borrowings	6	4	4	4
Attributable to parent company	498	693	736	656	Long-term liabilities	0	0	0	0
					Long-term trade payables	0	0	0	0
					Long-term advances from customers	0	0	0	0
					Unrealized revenue	0	0	0	0
					Long-term borrowings	1,339	1,406	1,530	1,685
					OWNER'S EQUITY	1,016	1,021	1,021	1,031
					Paid-in capital	8	15	15	15
					Share premium	315	370	494	640
					Undistributed earnings	0	0	0	0
					Minority interests	0	0	0	0
Margin ratio					Key ratios				
	2023	2024	2025F	2026F		2023	2024	2025F	2026F
Gross profit margin	75.9%	77.2%	80.0%	75.8%	Multiple				
EBITDA margin	87.1%	80.1%	83.0%	82.2%	P/E	13.0	9.2	8.4	9.5
EBIT margin	80.7%	75.5%	78.6%	77.2%	P/E diluted	13.0	9.2	8.4	9.5
Pre-tax profit margin	80.7%	75.5%	78.6%	77.2%	P/B	4.6	4.4	4.0	3.7
Operating profit margin	81.0%	75.7%	78.9%	77.4%	P/S	8.7	6.0	5.3	5.9
Net profit margin	70.7%	66.8%	62.9%	61.7%	P/Tangible Book	4.6	4.4	4.0	3.7
					P/Cash Flow	13.5	9.3	8.0	8.2
					EV/EBITDA	10.9	10.1	6.0	6.7
					EV/EBIT	11.8	10.7	6.3	7.1
					Operating performance				
					ROE	0.37	0.49	0.48	0.39
					ROA	0.29	0.37	0.36	0.30
					ROIC	0.48	0.72	0.84	0.80
					Financial structure				
					Cash Ratio	3.0	2.6	2.8	3.0
					Quick Ratio	0.8	1.1	1.0	1.0
					Current Ratio	3.2	2.8	3.1	3.3
					LT Debt/Equity	0.0	0.0	0.0	0.0
					LT Debt/Total Assets	0.0	0.0	0.0	0.0
					Debt/Equity	0.0	0.0	0.0	0.0
					Debt/Total Assets	0.0	0.0	0.0	0.0
					ST Liabilities/Equity	0.3	0.3	0.3	0.3
					ST Liabilities/Total Assets	0.2	0.3	0.2	0.2
					Total Liabilities/Equity	0.3	0.3	0.3	0.3
					Total Liabilities/Total Assets	0.2	0.3	0.2	0.2
					Activity ratios				
					Account Receivable Turnover	7.3	9.3	9.3	9.3
					Inventory Turnover	0.0	0.0	0.0	0.0
					Account Payable Turnover	21.6	26.3	26.1	26.1

Source: Sai Gon Cargo Service, KB Securities Vietnam

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Investment Ratings for Stocks

(Based on the expectation of 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 the assessment of sector prospects over the next 6 months)

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

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