

# Sai Gon VRG (SIP)

## Sustaining margins via site clearance acceleration

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### 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

Based on the business outlook and valuation results, we gave SIP shares a BUY rating and a price target 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/USDbn)     | 15.8/0.6  |

#### Forecast earnings & valuation

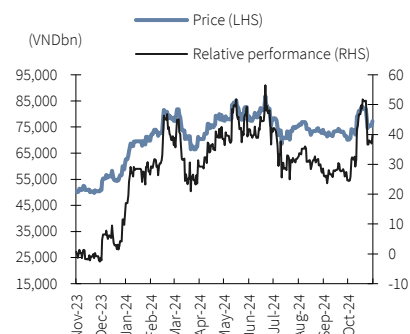
| FY-end                        | 2022   | 2023  | 2024F | 2025F |
|-------------------------------|--------|-------|-------|-------|
| Net revenue (VNDbn)           | 6,035  | 6,677 | 7,986 | 8,936 |
| Operating income/loss (VNDbn) | 1,239  | 1,263 | 1,538 | 1,658 |
| NPAT-MI (VNDbn)               | 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%) |

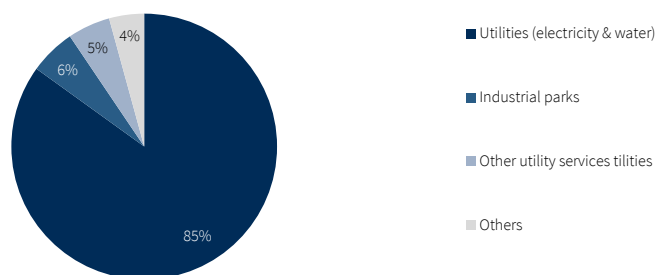
#### Share price performance

| (%)             | 1M  | 3M   | 6M   | 12M  |
|-----------------|-----|------|------|------|
| <b>Absolute</b> | 1.8 | -0.7 | -6.8 | 46.7 |
| <b>Relative</b> | 8.0 | 4.6  | -1.1 | 37.5 |



Source: Bloomberg, KB Securities Vietnam

## Revenue composition (2023)



Source: Sai Gon VRG Investment, KB Securities Vietnam

## Business operation

Sai Gon VRG Investment Corporation (SIP) is a leading IP developer in the South, owning an IP land bank of up to 3,149ha. In addition to leasing IPs, SIP also provides utility services including electricity, water, factories, and waste treatment for customers.

## Investment Catalysts

## Notes

**SIP owns a large land bank.** Its remaining leasable IP land is the largest in the South, covering more than 1,005ha: Phuoc Dong IP (759ha), Loc An – Binh Son IP (116ha), Le Minh Xuan 3 IP (105ha), and Dong Nam IP (25ha).

Please find more details below

**SIP has a large area available for lease with low cost thanks to its proactive land clearance from the previous phase.** By the end of 3Q24, 93% of SIP's IP area completed land clearance, equivalent to 832ha available for lease. We believe this is an advantage of SIP, helping the company ensure land rental revenue and improve gross profit in the coming years.

Please find more details below

**The company has stable cash flow from electricity supply.** We forecast electricity output in 2024 and 2025 of SIP to increase by 15% YoY and 11% YoY, respectively bringing in VND6,506 billion and VND7,293 billion in revenue (equal to 80% of total revenue).

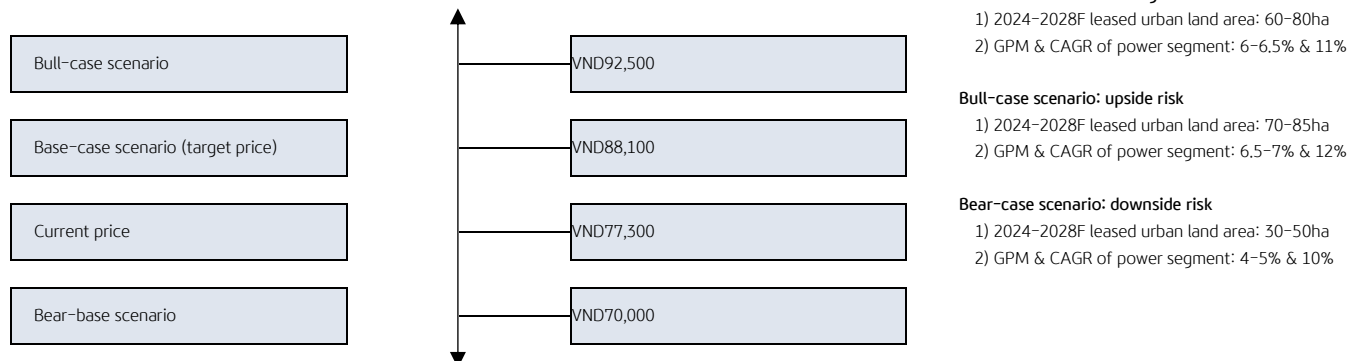
Please find more details below

## Revised earnings estimates

| (VNDbn)     | KBSV estimates |       | Change vs previous estimates |       | Consensus* |       | Difference |        |
|-------------|----------------|-------|------------------------------|-------|------------|-------|------------|--------|
|             | 2024E          | 2025E | 2024E                        | 2025E | 2024E      | 2025E | 2024E      | 2025E  |
| Revenue     | 7,986          | 8,936 | -                            | -     | 7,710      | 8,608 | +3.6%      | +3.8%  |
| EBIT        | 1,063          | 1,228 | -                            | -     | 922        | 1,045 | +15.2%     | +17.5% |
| NP after MI | 1,147          | 1,239 | -                            | -     | 1,027      | 1,116 | +11.7%     | +11.0% |

Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## Business overview

SIP is a company operating in the field of investment and development of industrial parks. After more than 17 years of establishment, it has been developing four industrial parks in the Southern region on a total land area of up to 3,204ha, including: Dong Nam IP (287ha), Phuoc Dong IP (2,189ha), Le Minh Xuan 3 IP (231ha), and Loc An – Binh Son IP (497ha).

**Fig 1. SIP – History of development**

|      |  |
|------|--|
| 2007 | Founded Saigon VRG Investment Joint Stock Company                                  |
| 2009 | Founded Phuoc Dong IP in Phuoc Dong – Boi Loi Industrial – Urban – Service Complex |
| 2010 | Founded & developed Dong Nam IP, Loc An – Binh Son IP                              |
| 2014 | Founded & developed Le Minh Xuan IP  |
| 2019 | Listed shares on Upcom exchange under the ticker SIP                               |
| 2023 | Changed listing to HSX   |

Source: Sai Gon VRG Investment, KB Securities Vietnam

## Ownership breakdown

As of September 30, 2024, SIP owns seven direct subsidiaries, two indirect subsidiaries and three associates, operating in three main business segments.

**Table 1. SIP – List of subsidiaries & associates**

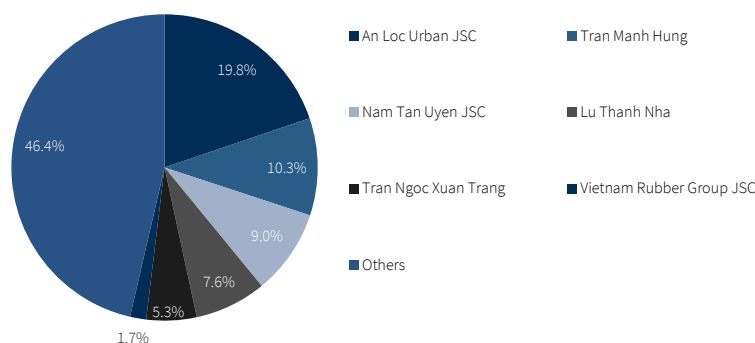
| Organization as of September 30, 2024 |   | Ownership |
|---------------------------------------|---|-----------|
| Electricity and water supply          | Saigon Service Development JSC                                | 99.80%    |
|                                       | VRG Long Thanh JSC  | 69.00%    |
| Industrial park leasing & management  | VRG Thanh Phuoc Logistic JSC                                  | 99.80%    |
|                                       | VRG Long Duc Investment JSC                                   | 69.50%    |
|                                       | AT Investment Company Limited                                 | 99.80%    |
|                                       | Nam Tan Uyen JSC (NTC)  | 24.90%    |
|                                       | Vietnam Rubber Group (GVR)                                    | 21.34%    |
| Construction                          | Incontec Construction JSC                                     | 99.80%    |
|                                       | Phu An Thanh Construction Investment and Consulting JSC (PAT) | 85.50%    |
|                                       | Saigon Packaging JSC  | 93.60%    |
| Others                                | Dong Nam Investment and Development JSC                       | 99.90%    |
|                                       | Fico Tay Ninh Minerals JSC                                    | 20.70%    |

Source: Sai Gon VRG Investment, KB Securities Vietnam

The current charter capital of SIP is VND2,105 billion, and An Loc Urban JSC and Nam Tan Uyen JSC (NTC) are the two major shareholders with respective stakes of 19.8% and 9.0%. Chairman Tran Manh Hung and General Director Lu Thanh Nha are the two individuals with 10.3% and 7.6% stakes.

For the founding shareholders, only Vietnam Rubber Group (GVR) currently owns 1.7% of SIP's capital. At the 2024 AGM, GVR said that the company is planning to divest all of these shares.

Fig 2. SIP – Shareholders as of September 30, 2024



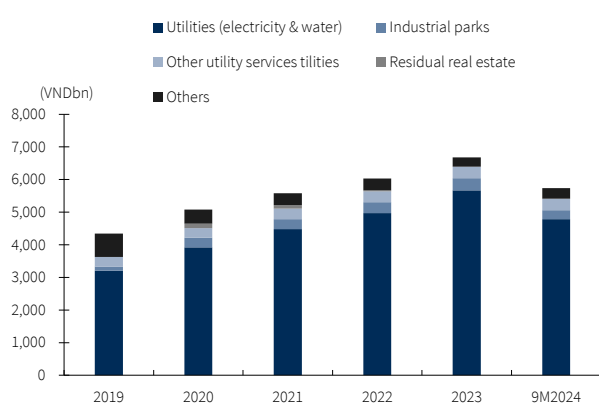
Source: Sai Gon VRG Investment, KB Securities Vietnam

## Revenue breakdown

Industrial park leasing is the core business of SIP. However, the corporation allocates revenue according to the land lease cycle, so the industrial park segment only contributes a small proportion of about 5–6% to the total revenue in 2019–9M24.

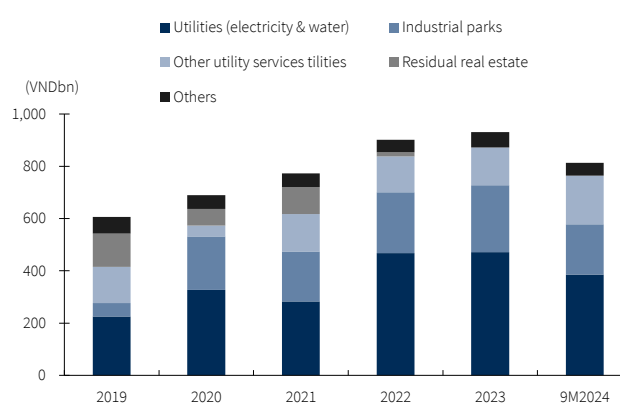
The electricity and water supply business accounts for the largest proportion in the revenue structure, reaching about 80–85%. Other utility services and commercial real estate business contribute about 6–7% and 0–3% to the revenue in 2019–9M24.

Fig 3. SIP – Revenue components



Source: Sai Gon VRG Investment, KB Securities Vietnam

Fig 4. SIP – Gross profit components



Source: Sai Gon VRG Investment, KB Securities Vietnam

## Business operation

**SIP Owns the largest remaining commercial land fund in the Southern region**

### 1. Industrial parks – Core business

SIP has been developing four industrial parks on a total land area of 3,204ha and owned the largest remaining commercial industrial park land bank in the Southern region (1,005ha).

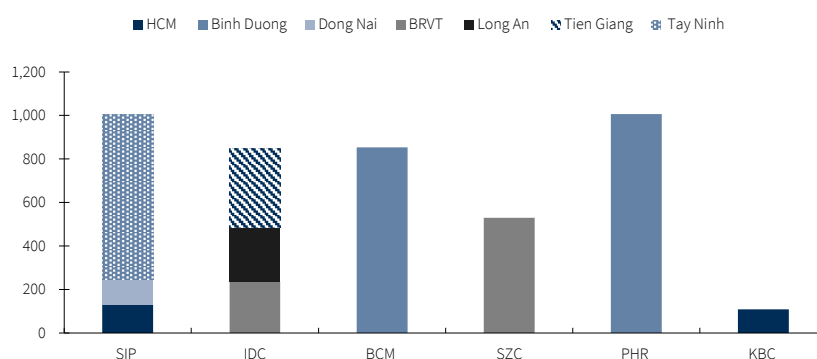
The industrial parks directly managed by SIP include:

- (1) Dong Nam IP (Cu Chi – HCMC) covers 287ha in total leasable area. It has completed site clearance and recorded an occupancy rate of 88%.
- (2) Phuoc Dong IP Tay Ninh) includes two sub-areas: (i) Phuoc Dong A IP with total commercial land area of 806ha, site clearance completed, and occupancy rate of 95% and (ii) Phuoc Dong B IP with total commercial land area of 911ha, site clearance rate of 81%, and occupancy rate of 21%
- (3) Le Minh Xuan 3 IP (Binh Chanh – HCMC): The total area of commercial industrial park land is 231ha with land clearance completed and occupancy rate of 33%.

In addition, SIP also contributed capital (69%) with VRG Long Thanh Investment and Development JSC to invest in developing Loc An – Binh Son IP:

- (4) Loc An – Binh Son IP (Long Thanh – Dong Nai): It covers 497ha leasable land area, completed land clearance, and reached an occupancy rate of 68%.

**Fig 5. Vietnam – Remaining land bank for lease of some listed industrial park operating companies in the South as of 3Q24 (ha)**



Source: Listed companies' statements, KB Securities Vietnam

\* Note: Including industrial land area that the companies contributed capital

Table 2. SIP – Industrial land area as of 3Q24 (ha)

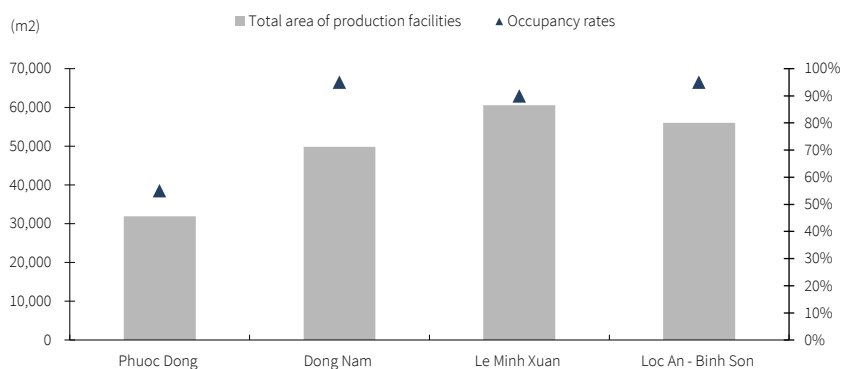
| Project              | Location | Ownership | Site clearance & compensation | Planned industrial park land area (ha) | Commercial land area (ha) | Remaining industrial park land area (ha) | Occupancy rate | Rent (USD/m <sup>2</sup> /Leasing cycle) |
|----------------------|----------|-----------|-------------------------------|--|---------------------------|--|----------------|--|
| Total area           |          |           |                               | 3,204                                  | 2,451                     | 1,005                                    |                |  |
| Dong Nam IP          | HCMC     | 100%      | 100%                          | 287                                    | 206                       | 25                                       | 88%            | 260                                      |
| Phuoc Dong A IP      | Tay Ninh | 100%      | 100%                          | 1,014                                  | 817                       | 43                                       | 95%            | 85                                       |
| Phuoc Dong B IP      | Tay Ninh | 100%      | 58%                           | 1,175                                  | 911                       | 716                                      | 21%            | 85                                       |
| Le Minh Xuan 3 IP    | HCMC     | 100%      | 100%                          | 231                                    | 156                       | 105                                      | 33%            | 290                                      |
| Loc An – Binh Son IP | Dong Nai | 69%       | 100%                          | 497                                    | 361                       | 116                                      | 68%            | 230                                      |

Source: Sai Gon VRG Investment, KB Securities Vietnam

## 2. Production facilities

SIP's total area of production facilities as of the end of 3Q24 hit 197,657m<sup>2</sup>. Of that, Le Minh Xuan, Dong Nam and Loc An – Binh Son Ips achieved high occupancy rates (90 – 95%) thanks to the high demand for ready-built production facilities in tier 1 areas (HCMC and Long Thanh – Dong Nai). The Management said they would continue to focus on promoting the development of production facilities for lease in these industrial parks in the coming time. In contrast, production facilities in Phuoc Dong IP have a relatively low occupancy rate (55%) because they are located in tier 2 areas (Tay Ninh), where the demand for ready-built production facilities for lease is not large.

Fig 6. SIP – The area of production facilities for lease (ha)



Source: Sai Gon VRG Investment, KB Securities Vietnam

### 3. Residential real estate

#### SIP is developing its IPs integrating leasing & housing areas

To meet the housing needs of workers, SIP's IPs are planned according to a model integrating residential areas. However, due to the current low demand, SIP is only developing residential areas in Phuoc Dong IP (Tay Ninh).

The residential area project in Phuoc Dong IP includes three main subdivisions, namely, the apartment area, Phuoc Dong villa, and Thuan Loi residential area, which are being implemented in the first phase on a total area of 247ha (111ha for leasing and 16ha for housing). In the coming time, SIP will focus on developing the remaining part of phase 1. Phase 2 with a scale of 401ha is in the process of completing legal procedures and site clearance.

Fig 7. SIP – Planned housing area (ha)

|                      | Planned housing area (ha) |
|----------------------|---------------------------|
| <b>Total area</b>    | <b>840</b>                |
| Dong Nam IP          | 56                        |
| Phuoc Dong A IP      | 247                       |
| Phuoc Dong B IP      | 401                       |
| Le Minh Xuan 3 IP    | 80                        |
| Loc An – Binh Son IP | 56                        |

Source: Sai Gon VRG Investment

Fig 8. SIP – Planned area for Phase 1 of Phuoc Dong IP



Source: Ministry of Construction

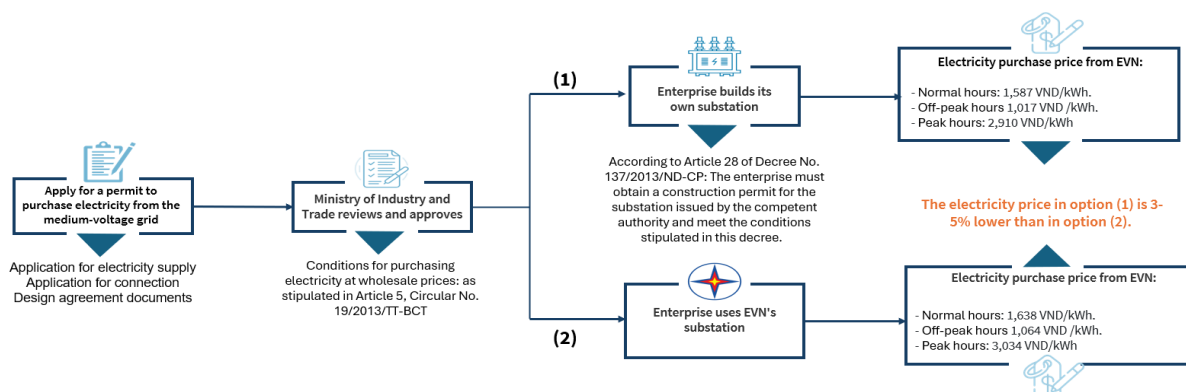
### 4. Utilities (electricity & water)

#### SIP is one of the few industrial park developers licensed to invest in electrical substations

After signing a direct PPA with EVN, SIP will build an electrical infrastructure system, including substations and power lines. After that, it plans to buy electricity from EVN's medium voltage grid, perform voltage reduction, and distribute electricity to businesses in the industrial park.

With this form, SIP can buy electricity for a wholesale price (3–5% cheaper, Figure 9). Accordingly, the GPM of power supply business is quite good (about 6%). Currently, SIP owns three 110kV substations in Phuoc Dong IP with an installed capacity of 567MVA; three 110kV substations in Dong Nam and Le Minh Xuan IPs with a capacity of 378MVA.

Fig 9. Vietnam – Process of providing electricity to industrial parks

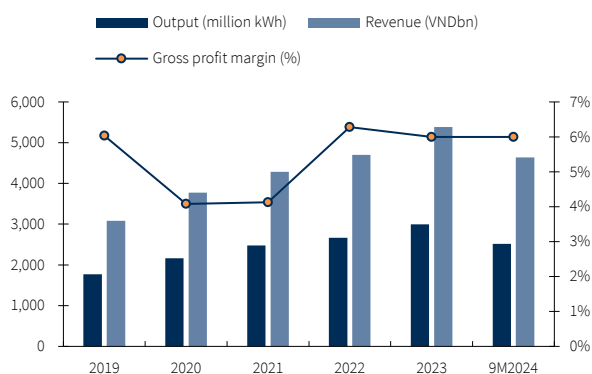


Source: KB Securities Vietnam

### Rooftop solar power has long-term potential

Rooftop solar power output currently accounts for a small proportion (<1%) of SIP's total electricity output, but this still brings a good GPM to the company (from 43 – 50%). This is a long-term business segment that the company has developed with its partner First Solar.

Fig 10. SIP – Power output &amp; sales (million kWh, VNDbn)



Source: Sai Gon VRG Investment, KB Securities Vietnam

Fig 11. SIP – Solar power projects to be developed

|                                     | Dong Nam | Phuoc Dong | Le Minh Xuan 3 | Saigon VRG | Total  |
|-------------------------------------|----------|------------|----------------|------------|--------|
| <b>Number of projects</b>           | 32       | 45         | 6              | 10         | 93     |
| <b>Capacity (kWh)</b>               | 19,440   | 29,129     | 4,251          | 4,858      | 57,678 |
| <b>Electrified</b>                  | 18,081   | 21,336     | 3,836          | 4,858      | 48,111 |
| <b>Under construction</b>           | 1,359    | 7,793      | 415            | -          | 9,567  |
| <b>Estimated investment (VNDbn)</b> | 248      | 271        | 51             | 69         | 640    |

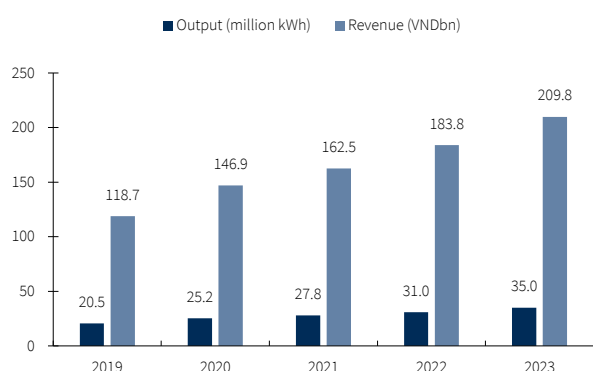
Source: Sai Gon VRG Investment, KB Securities Vietnam



## Water supply services

By taking advantage of the abundant water source from Dau Gieng Lake (Tay Ninh), SIP has invested in three water supply plants in Phuoc Dong IP with a total capacity of 105,000 m<sup>3</sup>/day. In addition, it also owns a clean water supply plant in Dong Nam IP with a capacity of 10,000 m<sup>3</sup>/day. The revenue proportion of this segment only contributes about 3–4%, but the water supply segment has a high profit margin of about 60%.

**Fig 12. SIP – Water output & water supply revenue (million m<sup>3</sup>, VNDbn)**



Source: Sai Gon VRG Investment, KB Securities Vietnam

**Fig 13. SIP – Water plants in industrial parks**

| SIP's plants in industrial parks   |                                   |                                     |
|--|-----------------------------------|-------------------------------------|
|  | Dong Nam IP (m <sup>3</sup> /day) | Phuoc Dong IP (m <sup>3</sup> /day) |
| Clean Water Plant No. 1  | 10,000                            | 10,000                              |
| Clean Water Plant No. 2  |                                   | 15,000                              |
| Raw Water Supply Plant   |                                   | 80,000                              |
| SIP purchases from plants out of industrial parks  |                                   |                                     |
| 1. Le Minh Xuan 3 IP: Sawaco Binh Chanh with capacity of 300,000 m <sup>3</sup> /day               |                                   |                                     |
| 2. Loc An – Binh Son IP: Nhon Trach Water Supply Plant with capacity of 100,000m <sup>3</sup> /day |                                   |                                     |

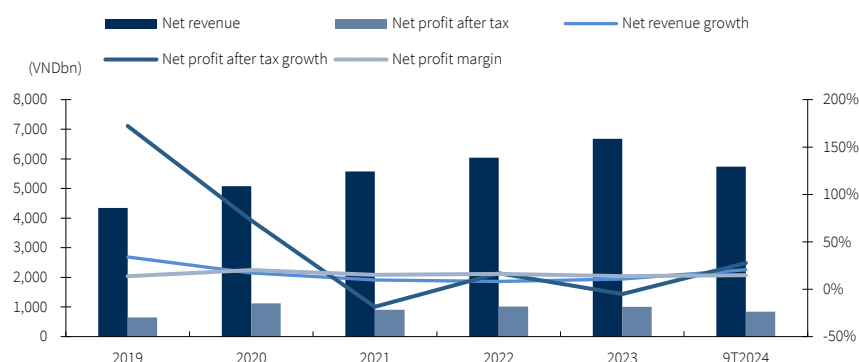
Source: Sai Gon VRG Investment, KB Securities Vietnam

## Business performance

Revenue maintains a stable CAGR of 9% in the period 2019–2023.

The parent company's net profit decreased sharply in 2021 (–19%YoY) due to the impact of the Covid19 pandemic on industrial park land leasing activities and the provision of utility services to businesses in industrial parks.

Fig 14. SIP – Revenue & profit in 2019–1H24



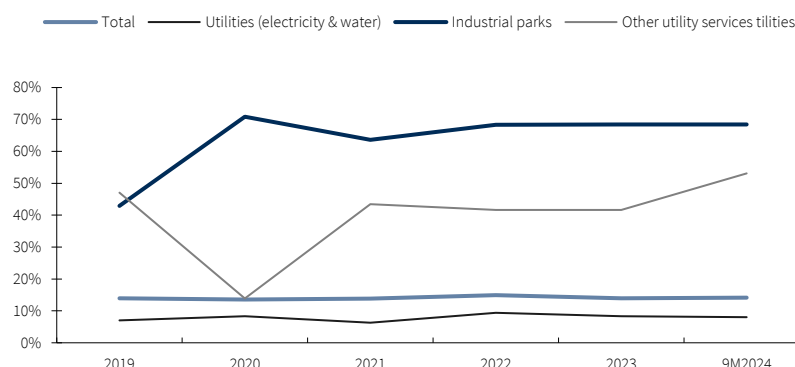
Source: Sai Gon VRG Investment, KB Securities Vietnam

### GPMs are stable

Industrial land leasing bring the highest GPM among SIP's business segments. Industrial park rent increased the most in the period of 2019–2020 (from 20% to 30%), which contributed significantly to the GPM growth of the corporation. In 2020–9M24, the GPM of this business remained high, reaching 60 – 70%.

The electricity and water supply segment has a stable GPM of 7–8%/year. In addition, SIP also provides other utility services such as warehouse leasing, bottled water supply, and waste treatment. These services have high GPM, reaching 40–45%/year in the period of 2021 – 9M24. In 2020 alone, the GPM of this segment plunged due to the impact of Covid 19.

Fig 25. SIP – GPM in 2019–9M24 (%)



Source: Sai Gon VRG Investment, KB Securities Vietnam

### Financial investment accounts for 25% of total assets, mainly short-term deposits

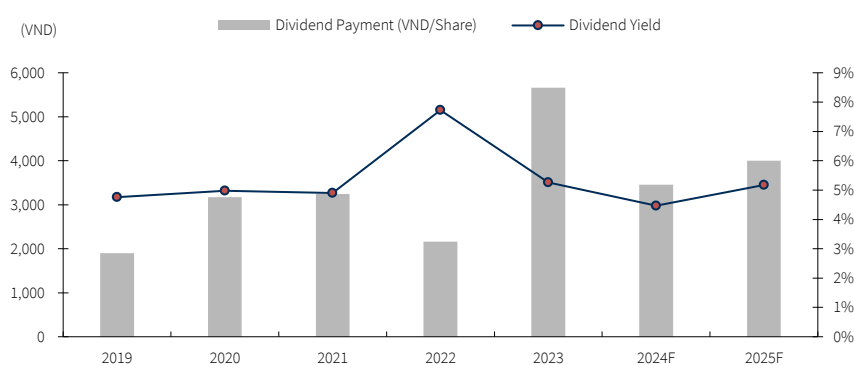
Industrial park leasing activities bring in VND1,000 – 2,000 billion in cash flow each year, which facilitates SIP's financial investment. The total value of financial investments as of 3Q24 is VND6,035 billion (accounting for 25% of total assets). Of that, VND 4,359 billion is in short-term deposits, VND1,364 billion in long-term financial investments in joint ventures, associates, and other companies and VND312 billion in value of other investments.

The investment in NTC, VND863 billion, is the largest among long-term investments in other companies, equivalent to a 24.9% stake. NTC has been leasing industrial park land in Binh Duong (including NTC-1, NTC-2, NTC-3) with a management area of about 668ha, of which the remaining commercial land is 288ha in NTC-3 IP. In addition, some of SIP's large investments worth over VND100 billion are The Southern Rubber Industry (CSM), New World Construction and Development JSC, and Vietnam Rubber Group (VRG). At the 2024 AGM, the Management said that they are planning to divest capital in these investments.

### SIP maintains high cash dividend yields for many years

SIP maintains a high cash dividend payout ratio of 20–50%/par value on average during the period 2020–2023. With a healthy financial situation and positive profit prospects in the future, we believe that the industrial park developer will maintain a dividend payout ratio of 35–40%/par value in the coming years, equivalent to the expected dividend in 2024/2025 of VND3,500–4,000/share.

Fig 36. SIP – Dividend yields in 2019–9M24 (%)



Source: Sai Gon VRG Investment, KB Securities Vietnam

Table 3. SIP – 9M24 business results

| (VNDbn, %)                            | 9M23  | 9M24  | +/-%YoY | Notes   |
|---------------------------------------|-------|-------|---------|---|
| Revenue                               | 4,763 | 5,738 | +20%    | Revenue growth is mainly contributed by: (1) growth in electricity supply revenue and (2) increase in revenue from providing other utilities.   |
| <i>Electricity and water supply</i>   | 3,985 | 4,783 | +20%    | Electricity supply revenue increased thanks to the two electricity price increases in 2023 (+3% in May and +4.5% in November).  |
| <i>Industrial real estate leasing</i> | 270   | 281   | +4%     | Accumulated in 9M24, SIP has leased 58ha, 1.8 times higher than the whole year of 2023. Of that, the newly leased land area was recorded in Phuoc Dong IP (41.6ha) and Loc An – Binh Son IP (16.4ha). |
| <i>Utility services</i>               | 274   | 350   | +27%    | SIP handed over warehouses to Go Supermarket and Fisher Production and Trading Company Phase 2 and warehouse area No. 7 in Phuoc Dong Boi Loi IP.   |
| <i>Others</i>                         | 255   | 324   | +27%    |   |
| Gross profit                          | 639   | 814   | +27%    |   |
| Gross profit margin                   | 13%   | 14%   | +1bp    |   |
| Financial income                      | 300   | 392   | +31%    | The company recorded VND140 billion from the sale of shares in GVR, VRG, and CSM.   |
| Financial expenses                    | -71   | -75   | +5%     | In 3Q24, SIP raised provisions by VND20 billion for investment at CSM.  |
| Profit from joint ventures            | 61    | 52    | -15%    |   |
| SG&A                                  | -76   | -77   | +1%     |   |
| Operating income/loss                 | 852   | 1,105 | +30%    |   |
| Other incomes                         | 3     | 4     | +57%    |   |
| Profit before taxes (PBT)             | 854   | 1,109 | +30%    |   |
| Profit after taxes (NPAT)             | 663   | 902   | +36%    | SIP completed 93% of 2024 plan.   |
| NP after MI                           | 617   | 847   | +37%    |   |
| NPAT margin                           | 14%   | 16%   | +2bp    |   |

Source: Sai Gon VRG Investment, KB Securities Vietnam

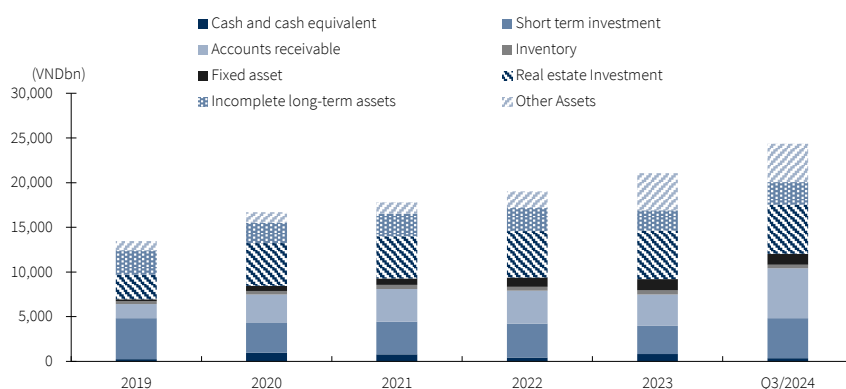
## Financial situation

### Real estate investment accounts for the largest proportion of total assets

By the end of 3Q24, SIP's total assets were VND24,344 billion, of which investment real estate accounted for 23%. This item is the value of land and infrastructure assets at its industrial parks.

Receivables jumped to more than VND5,073 billion (+30% YTD), mainly due to the company increasing the advances to employees to serve the land compensation work in Phuoc Dong B IP.

Fig 47. SIP – Asset breakdown

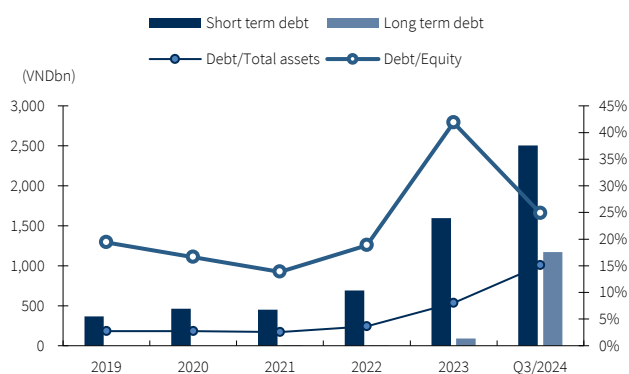


Source: Sai Gon VRG Investment, KB Securities Vietnam

### The company maintains a safe debt ratio

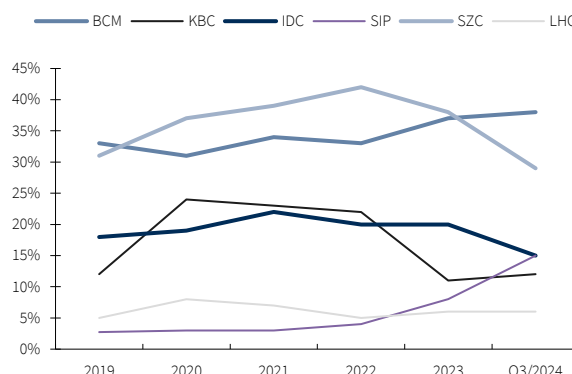
By the end of 3Q24, SIP's total debt was VND3,673 billion, rising VND1,987 billion YTD. It mainly borrowed short-term debt (accounting for 68% of total debt) to finance service provision business activities. At the end of 3Q, long-term debt was recorded at VND1,170 billion, a sharp increase compared to VND90 billion at the beginning of the year. The loan was to serve the land clearance of Phuoc Dong B IP. However, the debt/total assets ratio is still at an average level (15%) compared to other businesses in the same industry.

Fig 18. SIP – Debt to total assets ratio (%)



Source: Sai Gon VRG Investment, KB Securities Vietnam

Fig 19. Vietnam – Debt to total assets ratios of some industrial park operators (%)



Source: The companies' statements, KB Securities Vietnam

## Investment catalysts

### 1. Industrial real estate – Ample room for growth

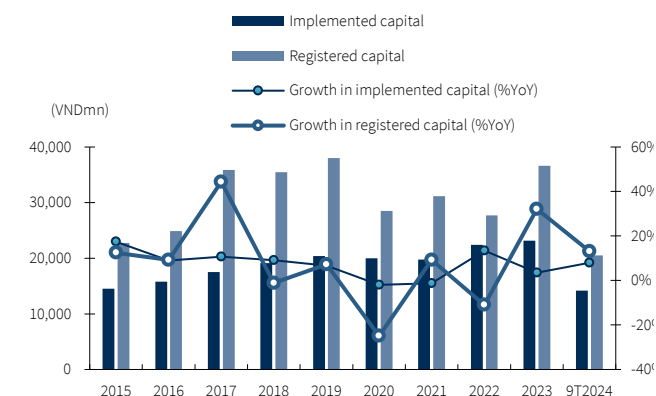
#### FDI inflows into Vietnam continue their growth momentum

Building on the impressive growth momentum of 2023, FDI inflows into Vietnam are expected to maintain a positive growth rate in 2024. Specifically, Vietnam's total registered FDI capital in the first 10 months of 2024 reached USD27.3 billion, up 1.9% YoY, while disbursed FDI capital grew by 8.8% YoY, totaling USD19.6 billion.

We maintain a positive outlook on future FDI inflows into Vietnam due to:

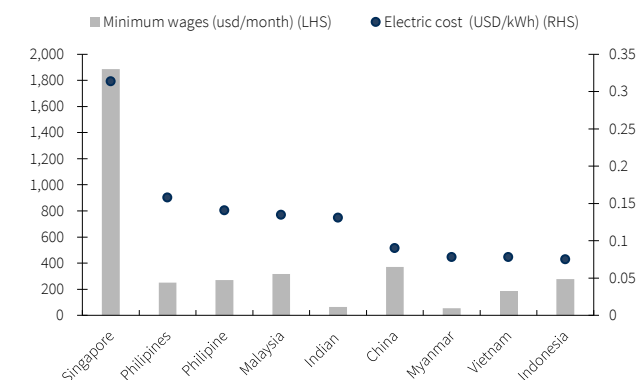
- (1) Recent tensions between China and Taiwan, along with the ongoing US-China trade war, which are driving manufacturers to shift away from China.
- (2) Increased shifts in production by FDI enterprises from South Korea, Taiwan, and Japan to Vietnam, offsetting the decline in FDI from China (as outlined in the macro note [Donald Trump 2.0's impacts](#)).
- (3) Vietnam's strategic geographical location near China, its long coastline with over 290 ports, facilitating both domestic and international trade.
- (4) Significantly lower production costs, such as electricity and labor, compared to other countries in the region (Figure 20).
- (5) A strong focus on infrastructure investment in recent years, reinforcing Vietnam's existing advantages to attract FDI. Vietnam's infrastructure investment-to-GDP ratio is among the highest in Asia, averaging 5.7% in recent years (Figure 21).
- (6) Vietnam's continuous strengthening of its partnerships with major countries, currently serving as a comprehensive strategic partner with the US, Japan, Australia, China, and South Korea.

Fig 20. Vietnam – Registered & disbursed FDI (VNDbn)



Source: GSO, KB Securities Vietnam

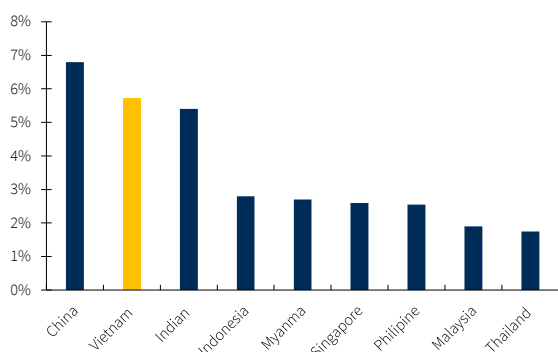
Fig 21. Asia – Overhead cost, minimum wage of some countries (USD/kWh, USD/month)



Source: Global Petro Prices, ASEAN Briefing, KB Securities Vietnam

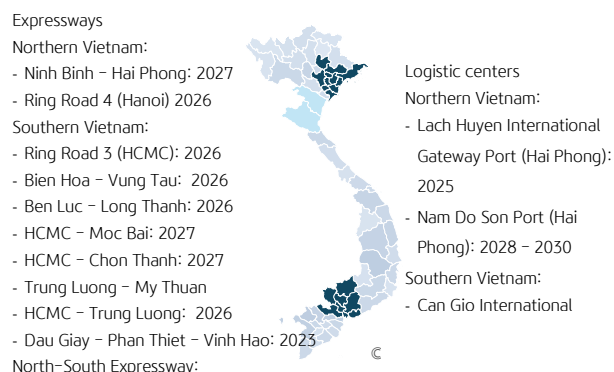
\*Singapore: Since there is no regulation on minimum wage, the salary of security guards in Singapore (according to ASEAN Briefing) is considered the basic salary.

Fig 22. Asia – Infrastructure investment to GDP of some nations



Source: ADB, KB Securities Vietnam

Fig 23. Vietnam – Public investment projects in 2021 – 2030



Source: Ministry of Planning & Investment, KB Securities Vietnam

## 2. Phuoc Dong IP – Long-term growth driver

### Phuoc Dong IP boasts a substantial land bank

Phuoc Dong IP (Tay Ninh) spans 2,189 ha, with 1,728 ha designated as leasable land, representing over half of the industrial land allocated in Tay Ninh under the 2020 master plan. As of 3Q2024, 759 ha of land in Phuoc Dong IP remains available for lease.

While the IP is located relatively far from major seaports and highways, necessitating transportation via National Highway 22, Thanh Phuoc Port, and Saigon Port, it offers several key advantages:

- (1) **Competitive rental rates:** Situated in Tay Ninh, a Tier-2 province, rental rates range between USD70–90/m<sup>2</sup>/lease term, which is 3–4 times lower than the average rates in Tier 1 regions.
- (2) **Accelerated site clearance:** SIP has expedited land clearance to capitalize on lower investment costs. Following the 2024 Land Law, land compensation will shift to market rates from 2026 onwards, potentially raising costs for new IPs. By 3Q2024, Phuoc Dong B IP had completed 81% of land clearance, with full completion expected by the end of 2024. This proactive approach enables SIP to maintain competitive lease rates in the coming years.
- (3) **Attracting textile and rubber industries:** The availability of abundant raw water from Dau Gieng Lake supports water-intensive industries such as dyeing and textiles. Furthermore, Tay Ninh's status as Vietnam's third-largest rubber plantation region offers rubber companies easy access to local raw materials.
- (4) **Improved competitiveness with the the Moc Bai–Ho Chi Minh City Expressway:** Located just 10 km from the expressway, Phuoc Dong IP will benefit from enhanced international transport connections between HCMC and Cambodia, alleviating congestion on National Highway 22. The completion of the expressway, expected in 2027, will significantly boost the IP's connectivity to key economic zones.

Thanks to these advantages, Phuoc Dong IP is projected to sustain a newly leased area of 30–40 ha/year from 2024–2026, increasing to 40–50 ha/year upon the opening of the Moc Bai–Ho Chi Minh City Expressway in 2027. The lease rate for 2024 is USD85/m<sup>2</sup>/lease term, with an estimated annual price growth of 1% in subsequent years.

Fig 24. SIP – Phuoc Dong IP



Source: Sai Gon VRG, KB Securities Vietnam

### 3. Possessing three strategically located IPs

In addition to Phuoc Dong IP, SIP owns three other IPs, all strategically located in prime areas with land clearance already completed.

#### Loc An–Binh Son IP is located adjacent to the Long Thanh International Airport

Located adjacent to Long Thanh International Airport in Dong Nai, Loc An–Binh Son IP benefits from superior infrastructure connectivity, with access to four major expressways: Ben Luc–Long Thanh, Bien Hoa–Vung Tau, Phan Thiet–Dau Giay, and Long Thanh–Dau Giay. This strategic positioning gives the IP a significant advantage in facilitating domestic and international trade and transportation.

The remaining leasable area of Loc An–Binh Son IP is 116 ha, with a lease rate of USD230/m<sup>2</sup>/lease term. We anticipate the IP will achieve full occupancy by 2030, with approximately 20 ha of land being leased annually.

#### Le Minh Xuan 3 and Dong Nam IPs are situated in Ho Chi Minh City, the leading destination for FDI in Vietnam

Ho Chi Minh City (HCMC) is the largest recipient of foreign direct investment (FDI) in Vietnam, thanks to its advantageous location for both domestic and international trade and its abundant labor supply.

As of 3Q2024, Dong Nam IP has achieved an 88% occupancy rate, with 25 ha of land available for lease and land clearance completed. The lease price is USD260/m<sup>2</sup>/lease term.

Le Minh Xuan 3 IP has a 32% occupancy rate, with 105 ha of land available for lease at a high rental price of USD290/m<sup>2</sup>/lease term. We expect Le Minh Xuan IP to be fully leased by 2030–2035, with an annual leased area of around 10 ha.



Fig 25. SIP – Loc An-Binh Son IP



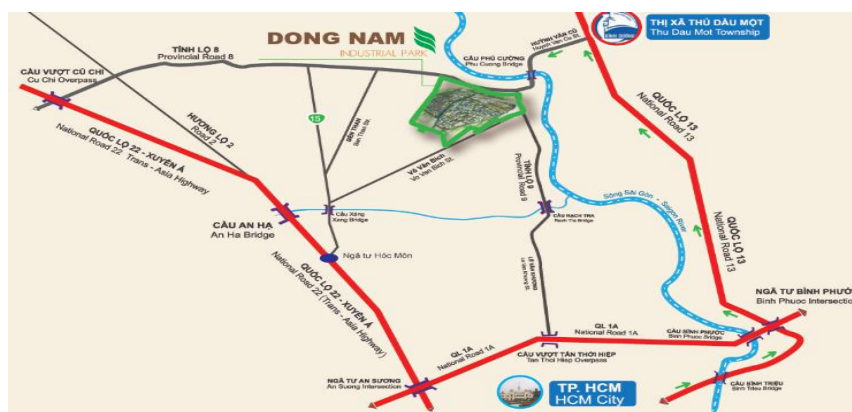
Source: Sai Gon VRG

Fig 26. SIP – Le Minh Xuan 3 IP



Source: Sai Gon VRG

Fig 27. SIP – Dong Nam IP

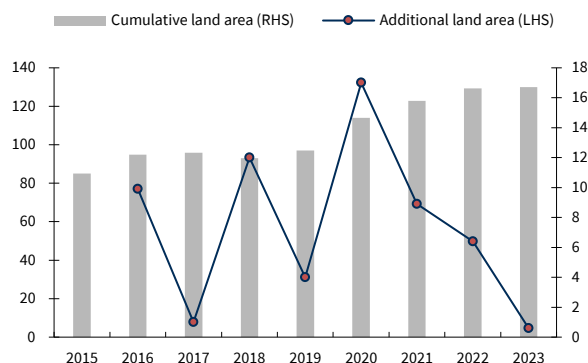


Source: Sai Gon VRG, KB Securities Vietnam

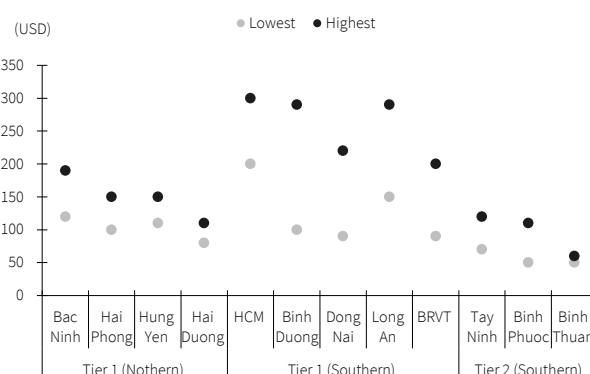
**Leasing prices for industrial land in Tier 1 regions are anticipated to continue rising at a steady pace**

The substantial increase in FDI inflows into Vietnam in recent years, combined with limited land availability (Figure 25), has driven rapid growth in industrial land leasing prices, particularly in Tier 1 regions. We forecast that this trend will persist from 2024 to 2026, with an estimated annual growth rate of 3-5%. Following that period, the growth rate is expected to slow to 1-2% in key provinces like HCMC and Long Thanh-Dong Nai due to: (i) the continued shortage of industrial land supply in Southern Vietnam from 2024 to 2025; (ii) improvements in transportation infrastructure; and (iii) the implementation of the 2024 Land Law (effective from 2026), which will raise land clearance costs and, consequently, drive up leasing prices in new IPs.

Fig 28. Vietnam – Industrial land availability (ha)

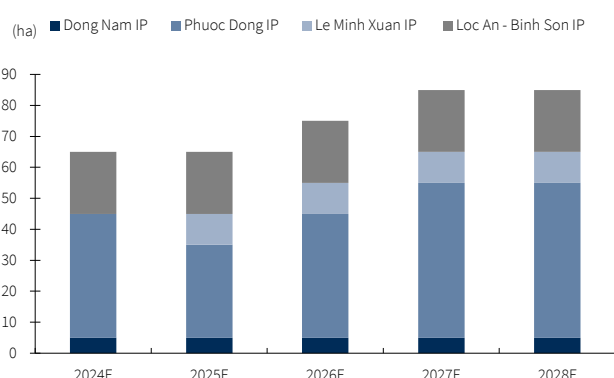


Source: Ministry of Investment &amp; Planning, KB Securities Vietnam

Fig 29. Vietnam – Lease rates in the South (USD/m<sup>2</sup>)

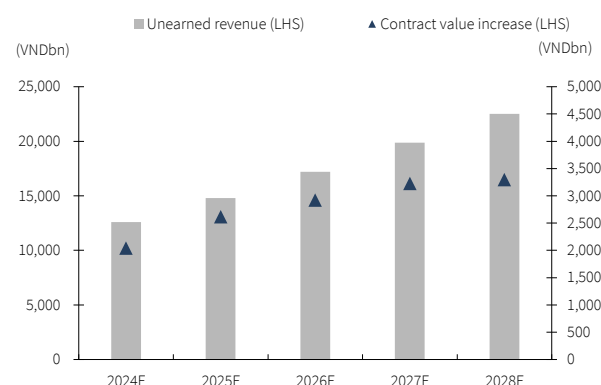
Source: CBRE, KB Securities Vietnam

Fig 30. SIP – 2024F–2028F leased area at IPs (ha)



Source: KB Securities Vietnam

Fig 31. SIP – Unearned revenue, contract value increase (VNDbn)



Source: KB Securities Vietnam

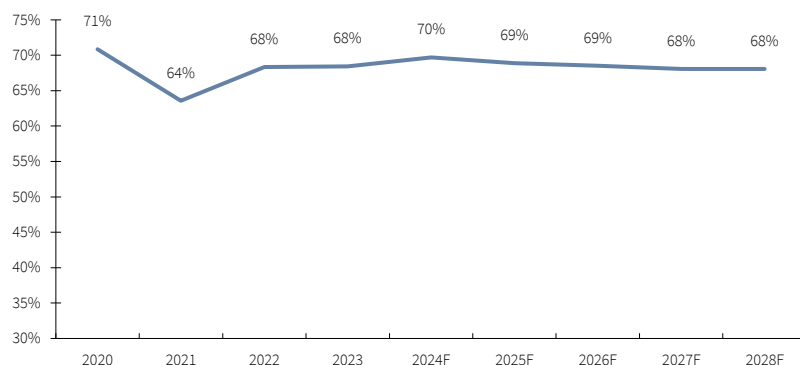
### SIP drives the expansion of its ready-built factory leasing business

Under the leadership's direction, SIP has identified Dong Nam, Le Minh Xuan 3, and Loc An-Binh Son IPs as the top priorities for the development of production facilities in the 2024–2028 period. These parks are experiencing high occupancy rates for ready-built factories (90–95%), driven by strong demand for ready-built factory leases. This demand is attributed to two key factors: (i) the limited availability of industrial land and high lease prices, which are encouraging the development of ready-built factories and warehouses in Tier 1 areas, and (ii) cost savings for developers, as tenants often prefer flexible, short-term rental agreements (monthly or quarterly).

The increasing demand for ready-built factories has led to a rise in leasing prices. According to CBRE, by the end of 3Q2024, average rental prices in HCMC and Long Thanh-Dong Nai range from USD4.5 to USD4.9 per square meter per month, reflecting a 2% YoY increase from 2023 (which saw a 3.9% increase). We expect leasing prices for ready-built factories to continue rising at an annual rate of 2% from 2024 to 2026, with growth slowing to 1% annually from 2026 to 2028.

As of the end of 3Q2024, 93% of the industrial land area has successfully completed land clearance, with 832 ha ready for lease. The company is on track to complete the land clearance for Phase B of Phuoc Dong IP by the end of 2024. We believe this will ensure a stable supply of industrial land and help maintain and even increase the gross profit margin within the range of 65-70%.

Fig 32. SIP – Industrial gross profit margin (%)



Source: KB Securities Vietnam

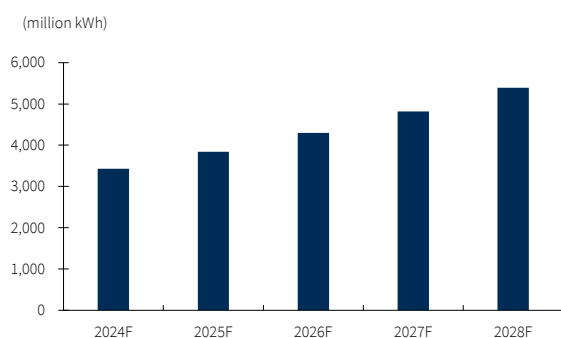
#### 4. Maximizing electricity distribution profitability by leveraging investments in substations

##### Electricity distribution services provide a stable cash flow

SIP is one of the few industrial park developers licensed to build substations for electricity distribution, a subsegment that offers a relatively strong gross margin (around 6%). Moreover, the need for additional capital for existing substations is minimal, ensuring that the electricity business provides SIP with stable annual cash flow.

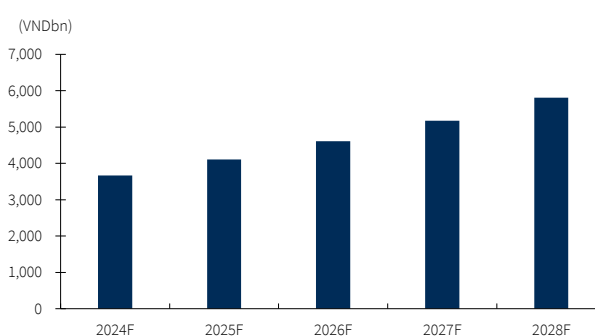
We anticipate that electricity supply to increase in tandem with additional leased land area, with Phuoc Dong IP continuing to account for the majority of the company's total electricity sales volume. In 2024, SIP plans to invest in the 110kV Phuoc Dong-Boi Loi 5 substation to further enhance electricity supply. As a result, we project a 15% YoY increase in electricity sales volume for 2024, followed by a compounded annual growth rate (CAGR) of 11% from 2025 to 2028, which aligns with the growth rate observed from 2019 to 2023.

Fig 33. SIP – Electricity sales volume (million kWh)



Source: KB Securities Vietnam

Fig 34. SIP – 2024F–2028F revenue from electricity distribution services (VNDbn)



Source: KB Securities Vietnam

## Risks

|  |   |
|--|---|
| <b>Global economic slowdown</b>                              | A global economic downturn could negatively impact the FDI influx into Vietnam, leading to a reduction in demand for industrial land leasing, which in turn affects the company's business performance.   |
| <b>Legal bottlenecks</b>                                     | Challenges in land clearance and potential legal risks may cause delays in the development of the Phuoc Dong IP project.  |
| <b>Intensified competition from Hiep Thanh IP (Tay Ninh)</b> | Hiep Thanh IP, located just 10 km from Phuoc Dong IP and covering 495 ha, is set to begin infrastructure construction and operations in 2026. This development is expected to intensify competitive pressure on SIP's Phuoc Dong IP.  |
| <b>Investment risk</b>                                       | The Southern Rubber Industry (HSX: CSM) leadership is currently embroiled in legal issues, resulting in a significant drop in its stock price, which has fallen back to levels similar to when SIP initially invested (2018–2019). As of the end of 3Q2024, SIP's investment in CSM is valued at VND121 billion, with a VND20 billion provision. During the 2024 AGM, the leadership disclosed plans to gradually divest from its financial investments, including CSM. If the stock price continues to decline, SIP may need to increase its provision costs, which would directly impact its divestment strategy. |

## Forecast

### 2024F business performance

We estimate SIP's revenue and NP after MI for at VND7,986 billion (+20% YoY) and VND1,087 billion (+18% YoY), respectively, for the entire year of 2024, based on the following assumptions:

- Revenue from industrial land leasing will reach VND388 billion (+4% YoY), with 65 ha of land leased (equaling 138% of SIP's target), as the leasing volume at Loc An – Binh Son IP exceeds expectations. The lease prices are USD85/m<sup>2</sup>/lease term at Phuoc Dong IP, USD290/m<sup>2</sup>/lease term at Le Minh Xuan 3 IP, USD260 /m<sup>2</sup>/lease term at Dong Nam IP, and USD230/m<sup>2</sup>/lease term at Loc An – Binh Son IP.
- Revenue from the electricity and water distribution services will reach VND6,506 billion (+21% YoY), with electricity sales volume reaching 3.441 million kWh (+15% YoY).

### 2025F business performance

We project SIP's revenue and NP after MI at VND8,936 billion (+12% YoY) and VND1,251 billion (+17% YoY), respectively, for the entire year of 2025, based on the following assumptions:

- Revenue from industrial land leasing will reach VND441 billion (+14% YoY), with 65 ha of land leased. The lease prices will be USD86/m<sup>2</sup>/lease term at Phuoc Dong IP, USD300/m<sup>2</sup>/lease term at Le Minh Xuan 3 IP, USD270/m<sup>2</sup>/lease term at Dong Nam IP, and USD240/m<sup>2</sup>/lease term at Loc An – Binh Son IP.
- Revenue from electricity and water distribution services will hit VND7,293 billion (+12% YoY), with electricity sales volume of 3.819 million kWh (+11% YoY).

**Table 4. SIP – 2023A–2025F business performance**

| (VNDbn, %)                       | 2023A        | 2024F        | +/-%YoY     | 2025F        | +/-%YoY     |
|----------------------------------|--------------|--------------|-------------|--------------|-------------|
| <b>Revenue</b>                   | <b>6,677</b> | <b>7,986</b> | <b>+20%</b> | <b>8,936</b> | <b>+12%</b> |
| <b>Gross profit</b>              | <b>930</b>   | <b>1,204</b> | <b>+31%</b> | <b>1,385</b> | <b>+15%</b> |
| Gross profit margin              | 14%          | 15%          | +1bp        | 16%          | +1bp        |
| Financial income                 | 439          | 423          | -4%         | 450          | +14%        |
| Financial expenses               | -64          | -86          | +34%        | -120         | +41%        |
| Profits from affiliates          | 71           | 63           | -11%        | 122          | +94%        |
| SG&A                             | -109         | -141         | +30%        | -157         | +11%        |
| <b>Operating income/loss</b>     | <b>1,263</b> | <b>1,458</b> | <b>+16%</b> | <b>1,674</b> | <b>+17%</b> |
| Other income                     | 11           | 4            | -63%        | 4            | +12%        |
| Profit before taxes (PBT)        | 1,274        | 1,462        | +16%        | 1,678        | +17%        |
| <b>Profit after taxes (NPAT)</b> | <b>1,004</b> | <b>1,169</b> | <b>+18%</b> | <b>1,342</b> | <b>+17%</b> |
| <b>NP after MI</b>               | <b>927</b>   | <b>1,087</b> | <b>+18%</b> | <b>1,251</b> | <b>+17%</b> |
| NPAT margin                      | 15%          | 15%          | +0bp        | 15%          | +0bp        |

Source: Sai Gon VRG, KB Securities Vietnam

## Valuation

**We initiate BUY for SIP with a target price of VND89,500/share**

We employ the sum of the parts (SOTP) valuation method to determine a fair target price for SIP.

- (1) **Industrial real estate:** We use the RNAV method to reassess the value of SIP's IP projects based on the remaining leasable area, assuming SIP will continue developing its existing four IPs and complete the land clearance for Phuoc Dong IP (Phase B) in 2024.
- (2) **Utility services:** Given the stable cash flow from this segment, we apply the DCF method to value it.
- (3) **Residential real estate:** We use the RNAV method to evaluate the residential project in Phuoc Dong IP (Phase 1). For Phase 2 and other residential projects, we have not factored them into our projections as the company has yet to disclose any detailed development plans.
- (4) **Investments in Nam Tan Uyen Industrial Park JSC (NTC):** We apply the RNAV method to value Nam Tan Uyen 3 IP (NTC3), and the Book Value (BV) method for other investments in NTC. For other financial investments by SIP, we base the valuation on BV.

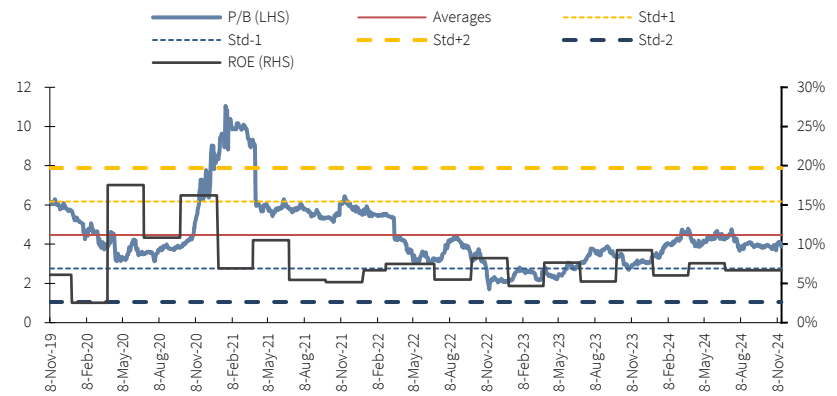
SIP is currently trading at a 2024 forward P/B of 3.8x. Based on business prospects and valuation results, we issue a BUY recommendation for SIP with a target price of VND89,500 per share, 16% higher than the closing price on November 25, 2024.

**Table 5. SIP – Valuation results**

|  | Valuation method | Value (VNDbn) | SIP's ownership | Contribution to SIP (VNDbn) |
|--|------------------|---------------|-----------------|-----------------------------|
| Industrial real estate                         | RNAV             | 11,588        |                 | 10,433                      |
| Dong Nam IP                                    |                  | 979           | 100%            | 979                         |
| Phuoc Dong IP                                  |                  | 3,724         | 100%            | 3,724                       |
| Le Minh Xuan 3 IP                              |                  | 3,159         | 100%            | 3,159                       |
| Loc An – Binh Son IP                           |                  | 3,727         | 69%             | 2,571                       |
| Residential real estate (Phuoc Dong – Phase 1) | RNAV             | 248           | 100%            | 248                         |
| Utility services                               | DCF              | 4,173         | 100%            | 4,173                       |
| NTC  | RNAV, BV         | 4,853         | 24.9%           | 1,208                       |
| Others   | BV               | 501           | 100%            | 501                         |
| Equity value                                   |                  |               |                 | 16,564                      |
| Cash, equivalents, & short-term investments    |                  |               |                 | 3,968                       |
| Total debt                                     |                  |               |                 | 1,686                       |
| NAV  |                  |               |                 | 18,846                      |
| Number of shares outstanding (thousand shares) |                  |               |                 | 210,533                     |
| Target price                                   |                  |               |                 | 89,500                      |
| Current price (November 25, 2024)              |                  |               |                 | 77,300                      |
| Upside   |                  |               |                 | 16%                         |

Source: KB Securities Vietnam

Fig 35. SIP - P/B in 2019-2024 (x)



Source: Bloomberg, KB Securities Vietnam

## SIP – 2022A–2025F financials

| Income Statement<br>(VND billion)                             |        |        |        |        | Balance Sheet<br>(VND billion)    |        |        |        |        |
|---|--------|--------|--------|--------|-----------------------------------|--------|--------|--------|--------|
|   | 2022   | 2023   | 2024F  | 2025F  |                                   | 2022   | 2023   | 2024F  | 2025F  |
| Net sales   | 6,035  | 6,677  | 7,986  | 8,936  | TOTAL ASSETS                      | 19,003 | 21,060 | 25,483 | 27,336 |
| Cost of sales   | 5,133  | 5,746  | 6,782  | 7,551  | CURRENT ASSETS                    | 8,920  | 8,707  | 10,846 | 11,532 |
| Gross Profit  | 901    | 930    | 1,204  | 1,385  | Cash and cash equivalents         | 440    | 829    | 715    | 646    |
| Financial income  | 390    | 439    | 503    | 494    | Short-term investments            | 3,774  | 3,139  | 4,392  | 4,468  |
| Financial expenses  | 30     | 69     | 91     | 187    | Accounts receivable               | 3,709  | 3,500  | 4,420  | 4,946  |
| of which: interest expenses                                   | 27     | 64     | 86     | 181    | Inventories                       | 434    | 468    | 588    | 655    |
| Gain/(loss) from joint ventures                               | 84     | 71     | 63     | 122    | LONG-TERM ASSETS                  | 10,083 | 12,353 | 14,637 | 15,805 |
| Selling expenses  | 15     | 13     | 22     | 23     | Long-term trade receivables       | 0      | 800    | 800    | 800    |
| General and admin expenses                                    | 92     | 96     | 120    | 134    | Fixed assets                      | 1,040  | 1,252  | 1,403  | 1,553  |
| Operating profit/(loss)                                       | 1,239  | 1,263  | 1,538  | 1,658  | Long-term incomplete assets       | 2,554  | 2,286  | 2,516  | 2,689  |
| Other incomes   | 8      | 13     | 0      | 0      | Long-term investments             | 1,268  | 1,516  | 2,213  | 2,476  |
| Other expenses  | 2      | 2      | 0      | 0      | Goodwill                          | 14     | 0      | 0      | 0      |
| Net other income/(expenses)                                   | 6      | 11     | 4      | 4      | LIABILITIES                       | 15,343 | 17,032 | 21,178 | 22,792 |
| Net accounting profit/(loss) before tax                       | 1,246  | 1,274  | 1,542  | 1,662  | Current liabilities               | 1,843  | 3,061  | 3,755  | 3,206  |
| Corporate income tax expenses                                 | 236    | 271    | 308    | 332    | Trade accounts payable            | 260    | 238    | 527    | 586    |
| Net profit/(loss) after tax                                   | 1,010  | 1,004  | 1,233  | 1,330  | Short-term unrealized revenue     | 316    | 319    | 378    | 423    |
| Minority interests  | 33     | 77     | 86     | 91     | Short-term borrowings             | 689    | 1,595  | 1,883  | 1,133  |
| Attributable to parent company                                | 977    | 927    | 1,147  | 1,239  | Long-term liabilities             | 13,500 | 13,971 | 17,424 | 19,587 |
|   |        |        |        |        | Long-term trade payables          | 0      | 0      | 0      | 0      |
|   |        |        |        |        | Long-term advances from customers | 0      | 0      | 0      | 0      |
|   |        |        |        |        | Unrealized revenue                | 10,721 | 10,954 | 12,608 | 14,787 |
|   |        |        |        |        | Long-term borrowings              | 2      | 91     | 1,331  | 921    |
|   |        |        |        |        | OWNER'S EQUITY                    | 3,661  | 4,028  | 4,305  | 4,544  |
|   |        |        |        |        | Paid-in capital                   | 909    | 1,818  | 2,105  | 2,105  |
|   |        |        |        |        | Share premium                     | 0      | 0      | 0      | 0      |
|   |        |        |        |        | Undistributed earnings            | 1,524  | 1,382  | 1,158  | 1,171  |
|   |        |        |        |        | Other funds                       | 0      | 0      | 0      | 0      |
|   |        |        |        |        | Minority interests                | 416    | 461    | 548    | 639    |
|   |        |        |        |        |                                   |        |        |        |        |
| Margin ratio<br>(%)   |        |        |        |        | Key ratios<br>(x,%,VND)           |        |        |        |        |
|   | 2022   | 2023   | 2024F  | 2025F  |                                   | 2022   | 2023   | 2024F  | 2025F  |
| Gross profit margin   | 14.9%  | 13.9%  | 15.1%  | 15.5%  | Multiple                          |        |        |        |        |
| EBITDA margin   | 17.1%  | 17.4%  | 18.2%  | 18.7%  | P/E                               | 2.7    | 10.8   | 14.2   | 13.1   |
| EBIT margin   | 13.2%  | 12.3%  | 13.3%  | 13.7%  | P/E diluted                       | 2.7    | 10.8   | 14.2   | 13.1   |
| Pre-tax profit margin   | 20.6%  | 19.1%  | 19.3%  | 18.6%  | P/B                               | 0.7    | 2.5    | 3.8    | 3.6    |
| Operating profit margin                                       | 20.5%  | 18.9%  | 19.3%  | 18.6%  | P/S                               | 0.4    | 1.5    | 2.0    | 1.8    |
| Net profit margin   | 16.7%  | 15.0%  | 15.4%  | 14.9%  | P/Tangible Book                   | 2.5    | 8.0    | 11.6   | 10.5   |
|   |        |        |        |        | P/Cash Flow                       | 23.2   | -68.8  | 73.0   | 23.5   |
|   |        |        |        |        | EV/EBITDA                         | 2.8    | 9.3    | 12.9   | 10.6   |
|   |        |        |        |        | EV/EBIT                           | 3.6    | 13.2   | 17.7   | 14.4   |
|   |        |        |        |        |                                   |        |        |        |        |
| Cash Flow Statement<br>(VND billion)                          |        |        |        |        | Operating performance             |        |        |        |        |
|   | 2022   | 2023   | 2024F  | 2025F  |                                   | 2022   | 2023   | 2024F  | 2025F  |
| Net profit/(loss) before tax                                  | 1,246  | 1,274  | 1,542  | 1,662  | ROE                               | 28.1%  | 24.1%  | 27.5%  | 28.0%  |
| Depreciation and amortisation                                 | 241    | 339    | 387    | 444    | ROA                               | 5.3%   | 4.6%   | 4.9%   | 4.7%   |
| Profit/loss from investing activities                         | 0      | 9      | 0      | 0      | ROIC                              | 24.1%  | 18.4%  | 17.3%  | 17.6%  |
| Interest expense  | 27     | 64     | 86     | 181    | Financial structure               |        |        |        |        |
| Operating profit/(loss) before changes in Working Capital     | 111    | -2,016 | 1,193  | 1,768  | Cash Ratio                        | 23.9%  | 27.1%  | 19.0%  | 20.2%  |
| (Increase)/decrease in receivables                            | -294   | -1,251 | -920   | -526   | Quick Ratio                       | 460.5% | 269.2% | 273.2% | 339.3% |
| (Increase)/decrease in inventories                            | 36     | -32    | -120   | -67    | Current Ratio                     | 484.1% | 284.5% | 288.8% | 359.7% |
| Increase/(decrease) in payables                               | 450    | 795    | 2,233  | 2,361  | LT Debt/Equity                    | 0.0%   | 2.3%   | 30.9%  | 20.3%  |
| (Increase)/decrease in prepaid expenses                       | -9     | -763   | 0      | 0      | LT Debt/Total Assets              | 0.0%   | 0.4%   | 5.2%   | 3.4%   |
| Interest expense  | -71    | -765   | -2,148 | -773   | ST Debt/Equity                    | 18.8%  | 39.6%  | 43.7%  | 24.9%  |
| Net cash inflows/(outflows) from operating activities         | 1,206  | -798   | 1,060  | 3,282  | ST Debt/Total Assets              | 3.6%   | 7.6%   | 7.4%   | 4.1%   |
| Purchases of fixed assets, other long term assets             | -1,063 | -1,296 | -1,975 | -1,348 | ST Liabilities/Equity             | 31.5%  | 36.4%  | 43.5%  | 45.6%  |
| Proceeds from disposal of fixed assets                        | 0      | 9      | 0      | 0      | ST Liabilities/Total Assets       | 6.1%   | 7.0%   | 7.3%   | 7.6%   |
| Loans granted, purchases of debt instruments                  | -6,444 | -5,049 | 0      | 0      | Total Liabilities/Equity          | 77.1%  | 72.9%  | 70.5%  | 75.9%  |
| Collection of loans, proceeds from sales of debts instruments | 6,265  | 6,023  | 0      | 0      | Total Liabilities/Total Assets    | 400.2% | 381.0% | 417.3% | 456.4% |
| Investments in other entities                                 | -458   | -31    | 0      | 0      | Activity ratios                   |        |        |        |        |
| Proceeds from divestment in other entities                    | 0      | 496    | 0      | 0      | Account Receivable Turnover       | 24.1   | 21.4   | 22.0   | 22.0   |
| Dividends and interest received                               | 335    | 565    | 0      | 0      | Inventory Turnover                | 11.2   | 12.6   | 11.5   | 11.5   |
| Net cash inflows/(outflows) from investing activities         | -1,364 | 717    | -1,975 | -1,348 | Account Payable Turnover          | 14.5   | 15.8   | 12.9   | 12.9   |
| Proceeds from issue of shares                                 | 0      | 0      | 0      | 0      |                                   |        |        |        |        |
| Payments for share returns and repurchases                    | -210   | 0      | 0      | 0      |                                   |        |        |        |        |
| Proceeds from borrowings                                      | 3,267  | 4,825  | 4,589  | 3,606  |                                   |        |        |        |        |
| Repayment of borrowings                                       | -3,033 | -3,830 | -3,061 | -4,766 |                                   |        |        |        |        |
| Finance lease principal payments                              | 0      | 0      | 0      | 0      |                                   |        |        |        |        |
| Dividends paid  | -201   | -526   | -727   | -842   |                                   |        |        |        |        |
| Interests, dividends, profits received                        | 0      | 0      | 0      | 0      |                                   |        |        |        |        |
| Net cash inflows/(outflows) from financing activities         | -177   | 470    | 801    | -2,003 |                                   |        |        |        |        |
| Net increase in cash and cash equivalents                     | -335   | 390    | -114   | -69    |                                   |        |        |        |        |
| Cash and cash equivalents at the beginning of period          | 774    | 440    | 829    | 715    |                                   |        |        |        |        |
| Cash and cash equivalents at the end of period                | 440    | 829    | 715    | 646    |                                   |        |        |        |        |

Source: Sai Gon VRG, KB Securities Vietnam



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**Investment ratings & definitions**

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**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 |

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