

AIRPORTS CORPORATION OF VIETNAM (UPCOM: ACV)

Bad debt risks overshadow many growth opportunities

Indicator (VND bn)*	Q2-FY24	Q1-FY24	+/- qoq	Q2-FY23	+/- yoy
Net revenue	4,868	4,967	-2%	4,307	13%
NPATMI	2,898	2,594	12%	2,295	26%
EBIT	2,719	2,697	1%	1,875	45%
EBIT margin	55.8%	54.3%	1.5pps	43.5%	12.3 pps

Source: ACV, RongViet Securities, excluding revenue and profit from take-off/landing

Q2-FY24: Strong growth in international passenger volume, favorable exchange rates, and provision reversals stand out

- Net revenue grew by 13% YoY, reaching VND 4.9 trillion, while NPAT increased by 26% YoY, recording VND 2,898 bn after excluding airport infrastructure.
- Total passenger volume reached 27 mn (-7% YoY), with international passenger volume increasing by 31% YoY to 9.8 mn, while domestic passenger volume dropped by 21% YoY to 17.2 mn. The strong growth in international passengers was driven by Vietnam's ability to attract tourists from South Korea and China due to low travel costs. On the other hand, the decline in domestic passengers was mainly caused by a reduction in flight supply as airlines overhauled A321 aircraft, and Bamboo Airways and Pacific Airlines reduced flight frequencies or routes for restructuring purposes.
- ACV reported a foreign exchange gain of VND 435 bn as the JPY/VND exchange rate depreciated by 4%.
- ACV reversed provisions of VND 211 bn and VND 21 bn in bad debts for Vietjet and Pacific Airlines, respectively, while provisioning VND 120 bn for Vietnam Airlines (HVN) as its overdue debts surged by VND 900 bn.

2024 Outlook: International market fully recovers to pre-COVID levels

- We project total passenger traffic to reach 114 mn passengers (+6% YoY), with international passengers reaching 42.3 mn (+30% YoY), driven by tourists from South Korea and China visiting Vietnam during extended holidays. Domestic passengers are expected to recover as domestic airlines increase flight frequencies after fleet maintenance, with an estimated traffic of 71.7 mn (-11% YoY).
- We assume the JPY/VND exchange rate will increase by approximately 7% in 2024, resulting in a net foreign exchange loss of VND 711 bn. Bad debts provision expenses are expected to total VND 482 bn.
- We forecast ACV's net revenue to reach VND 22.8 trillion (+14% YoY), fueled by the strong growth in international passenger volume. Core NPAT/EPS (excluding profit from aerodrome assets) is forecast at VND 8,872 bn (+27% YoY), with EPS of VND 4,075.

Valuation and recommendation

In the long term, ACV's growth potential will be driven by expectations of increased international passenger traffic once planned investment projects are completed. However, in the short term, ACV's financial performance could come under pressure as customers' bad debts continue to rise in 1H2024, and the appreciation of the JPY leads to higher provisioning and financing costs in 2H2024. Using the 15-year FCF method, we set a target price for ACV at **VND 113,400 per share**, which corresponds to an **expected return of 0%** based on the closing price as of October 11, 2024. We recommend **ACCUMULATE** for ACV.

ACCUMULATE +0%

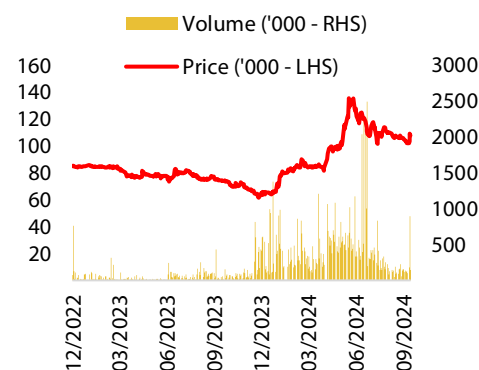
Market price (VND)	113,400
Target price (VND)	113,400

Stock Info

Sector	Aviation
Market Cap (VND bn)	235,111
Current Shares O/S	2,177
Avg. trading Volume (in 20 sessions)	162.39
Free float (%)	4.6
52 weeks High	135,600
52 weeks Low	61,500
Beta	0.66

	FY2023	Current
EPS	3,523	4,808
EPS Growth (%)	8	33
P/E	29.0	22.7
P/B	4.4	4.3
EV/EBITDA	22.0	20.0
ROE (%)	18.0	20.2

Performance



Major Shareholders (%)

CMSC	95.41
Others	4.59
Foreign ownership room (%)	45.39

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Table 1: Business results in Q2/2024 (*)

(VND bn)	Q2-FY24	Q1-FY24	+/- (qoq)	Q2-FY24	+/- (yoy)
Net revenue	4,868	4,967	-2,0%	4,307	13.0%
Gross profit	3,052	3,196	-4,5%	2,568	18.9%
SG&A	332	498	-33,3%	693	-52.1%
Operating income	2,720	2,699	0,8%	1,875	45.1%
EBITDA	3,275	3,268	0,2%	2,466	32.8%
EBIT	2,720	2,699	0,8%	1,875	45.1%
Financial expenses	27	19	41,4%	-446	-106.0%
- Interest Expenses	15	15	-2,4%	17	-12.9%
Dep. and amortization	572	586	-2,4%	608	-5.9%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	3,590	3,224	11,4%	2,845	26.2%
NPAT-MI	2,898	2,594	11,7%	2,295	26.3%
Adjusted NPAT-MI for (*)	2,898	2,594	11,7%	2,295	26.3%

Source: ACV, RongViet Securities, excluding revenue and profit from take-off/landing

Table 2: Analysis of business activities in Q2/2024

Particulars	Q2-FY24	Q1-FY24	+/- (qoq)	Q2-FY24	+/- (yoy)
Profitability Ratios * (%)					
Gross Margin	62.7%	64.4%	-1.7 pps	59.6%	3.1 pps
EBITDA Margin	67.3%	65.8%	1.5 pps	57.3%	10.0 pps
EBIT Margin	55.9%	54.3%	1.5 pps	43.5%	12.3 pps
Net Margin	59.5%	52.2%	7.3 pps	53.3%	6.2 pps
Adjusted Net Margin	59.5%	52.2%	7.3 pps	53.3%	6.2 pps
Turnover ** (x)					
-Inventories	19.3	18.1	1.2	17.6	1.7
-Receivables	1.6	1.7	-0.1	2.5	-0.9
-Payables	2.3	1.8	0.6	2.1	0.2
Leverage (%)					
Total Liabilities/Equity	9.2%	7.6%	1.6 pps	11.9%	-2.7 pps

Source: RongViet Securities, (*) excluding revenue and profit from take-off/landing, (**) annualized

Table 3: Forecast for Q3/2024 results

Indicator (VND bn) (*)	Q3-FY24	+/- qoq	+/- yoy	Thesis for Q3/2024:
Revenue	5,266	8%	13%	
Gross profit	3,317	9%	15%	
EBIT	2,747	1%	45%	<ul style="list-style-type: none"> The strengthening of the Yen in Q3-FY24, following the BOJ's interest rate hike, may result in an estimated foreign exchange loss of VND 600 bn, as the JPY/VND exchange rate appreciated by 6% compared to early June 2024. Provisioning expenses are projected to be VND 195 bn, with VND 120 bn from Vietnam Airlines (HVN) and VND 75 bn from Bamboo Airways.
NPAT-MI	2,302	-21%	-5%	

Source: RongViet Securities, (*) excluding revenue and profit from take-off/landing

International passenger volume growth, a weaker JPY, and provision reversal stand out in Q2-FY24

ACV announced its Q2-FY24 results, with net revenue and NPATMI (excluding take-off/landing operations) reaching VND 5.5 trillion (+12% YoY) and VND 2.9 trillion (+26% YoY), respectively:

- International and domestic passenger traffic recorded 9.8 mn (+31% YoY) and 17.2 mn (-21% YoY) passengers, respectively. The number of international and domestic flights showed contrasting trends, with a growth of 18% YoY and a decline of 23% YoY, respectively. The domestic market experienced a downturn due to (1) local airlines overhauling their A321 fleets, which serve as the backbone of their operations, leading to a reduced number of flights, and (2) airlines such as Bamboo Airways and Pacific Airlines reducing flight frequencies and routes as part of restructuring plans. Compared to the SPLY, Bamboo Airways reduced its flight volume by 67%, and Pacific Airlines by 99% in Q2-FY24.
- The international/domestic passenger ratio shifted to 36%/64%, compared to 26%/74% in the same period last year, resulting in a 22% YoY increase in average revenue per passenger for aviation services. Additionally, the gross margin expanded by 250 bps YoY, reaching 62.5%.
- Financial incomes: ACV recorded VND 287 bn in interest income and VND 435 bn from net FX gains as the JPY depreciated by approximately 4% against the VND. Compared to the previous quarter, interest income decreased by 17% due to (1) a VND 750 bn reduction in short term deposits and (2) a 60 bps lower deposit interest rate.
- G&A expenses were reported at VND 243 bn (-60% YoY), as ACV reversed net provisions for doubtful receivables of VND 5 bn. ACV reversed VND 21 bn for Pacific Airlines and VND 211 bn for Vietjet, fully reversing its provisions for Vietjet. Pacific Airlines, Bamboo Airways, Vietravel, and Air Mekong continued to maintain a 100% provision rate (Figure 4), with immediate provisions for receivables from these carriers. Total provisioning for the period, covering Bamboo Airways, Vietravel, Air Mekong, and Vietnam Airlines (HVN), amounted to VND 227 bn.

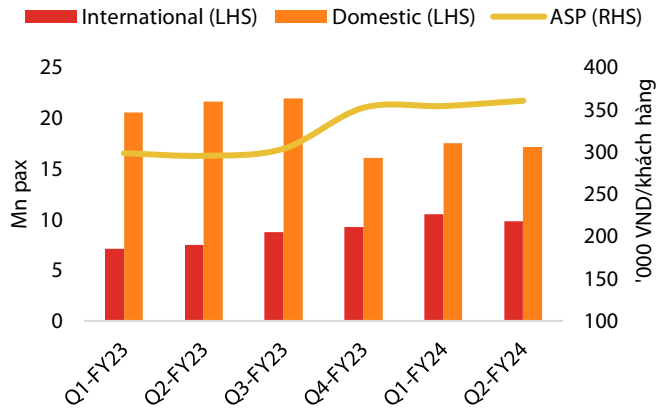
In 6M2023, international and domestic passenger volumes reached 20.4 mn (+39% YoY) and 34.7 mn (-18% YoY), respectively. Net revenue and profit before tax (excluding takeoff/landing operations) stood at VND 11.1 trillion (+16% YoY) and VND 5.5 trillion (+53% YoY), respectively, completing 56%/86% of the annual targets and 46%/59% of our forecasts, respectively.

Table 1: Result in Q2-FY24 and accumulated in 1H2024

Unit: VND bn	Q2-FY24	+/-YoY	1H2024	+/-YoY	% Annual plan	% Our forecast
Passenger volume (mn pax)	27.0	-7%	55.1	-3%		48%
International	9.8	31%	20.4	39%		48%
Domestic	17.2	-21%	34.7	-18%		48%
Flights ('000 times)	164	-11%	337	-8%		50%
Net revenue	5,536	12%	11,180	16%	56%	49%
Aeronautical revenue	3,862	13%	7,824	17%		48%
Non-Aeronautical revenue	710	18%	1,375	19%		53%
Retail	298	2%	638	11%		45%
Aerodrome assets	666	7%	1,343	10%		51%
Gross profit	3,461	17%	7,062	20%		
ACV	3,052	19%	6,248	23%		
Aerodrome assets	409	5%	813	2%		
Financial incomes	827	87%	1,306	52%		
Financial expenses	-27	-106%	-45	-87%		
Gain/loss from JVs	63	-22%	124	-6%		
SG&A expenses	-332	-52%	-830	-35%		
EBIT	3,129	38%	6,232	35%		52%
ACV	2,720	45%	5,418	42%		
Aerodrome assets	409	5%	813	2%		
LNTT	3,999	24%	7,628	45%	81%	69%
ACV	3,590	26%	6,814	53%	86%	
Aerodrome assets	409	5%	813	1%		
LNST	3,225	24%	6,142	45%		
ACV	2,898	26%	5,492	53%		62%
Aerodrome assets*	327	5%	651	1%		

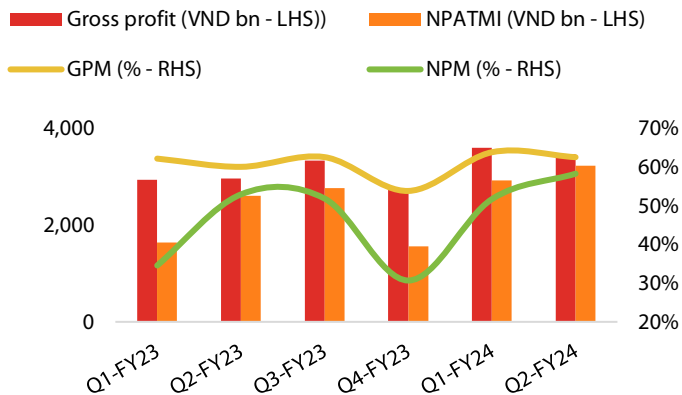
Source: RongViet Securities, (*) excluding revenue and profit from take-off/landing

Figure 1: Although the total pax throughput experienced negative growth compared to the SPLY, the strong surge in international pax led to a significant increase in the ASP...



Source: ACV, RongViet Securities

Figure 3: Exchange rate gains and reduced G&A expenses supported the expansion of the NPM in Q2-FY24



Source: ACV, RongViet Securities

Long-term growth drivers from international passenger volume

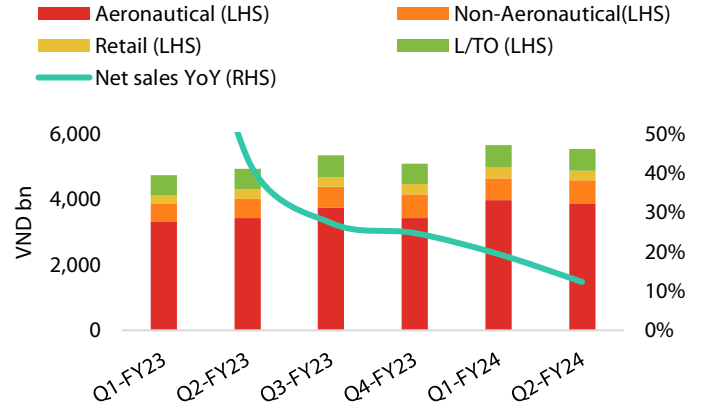
Vietnam emerges as a favorite destination for international tourists

In 8M2024, international tourist arrivals to Vietnam reached 11.4 mn (+46% YoY), with South Korea and China leading the composition of international visitors, recording 3 mn (+32% YoY) and 2.4 mn (+158% YoY) arrivals, respectively. These accounted for 21% and 26% of total international visitors, respectively, and achieved 108% and 74% of pre-COVID levels.

- According to a survey by Kyowon Tour Travel Easy, based on travel booking data for Q3-FY24, Vietnam surpassed Japan for the first time to become the favorite destination for South Korean tourists during the Mid-Autumn Festival holiday. This shift is driven by high inflation in the past two years, prompting South Koreans to choose low-cost destinations like Vietnam.
- One year after reopening to Chinese tourists, the recovery in Chinese tourist traffic has not met expectations due to (1) China's focus on stimulating domestic tourism, with significant promotions to support its domestic economic recovery, and (2) Vietnam's direct competition from Southeast Asian nations such as Thailand, Malaysia, and Singapore, which have waived visas for Chinese tourists.

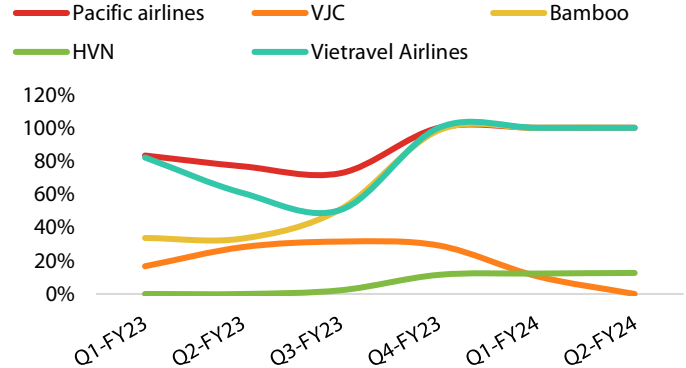
Vietnam's visa policy remains strict compared to other countries in the region. Thailand, Malaysia, and Singapore offer visa exemptions for 76, 156, and 157 countries, respectively, while Vietnam exempts only 25 countries. However, the amended Immigration Law, which will take effect in August 2023, introduced key changes, including extending visa exemptions for certain countries from 15 days to 45 days and increasing the validity of electronic visas (E-Visas) from 30 days to 90 days. These initial changes are aimed at attracting more international

Figure 2: ... supporting the aviation service revenue to maintain positive growth compared to the SPLY



Source: ACV, RongViet Securities

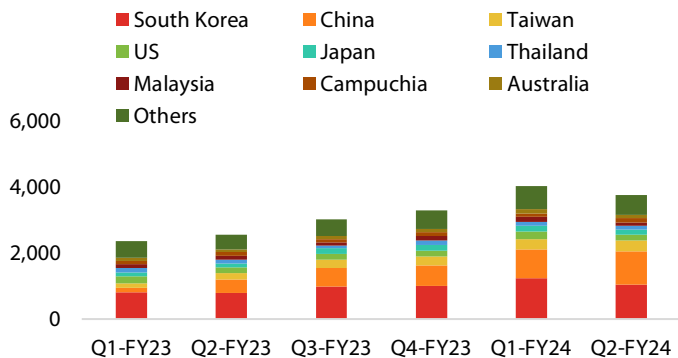
Figure 4: The cumulative provision ratio/total bad debt by domestic airlines



Source: ACV, RongViet Securities

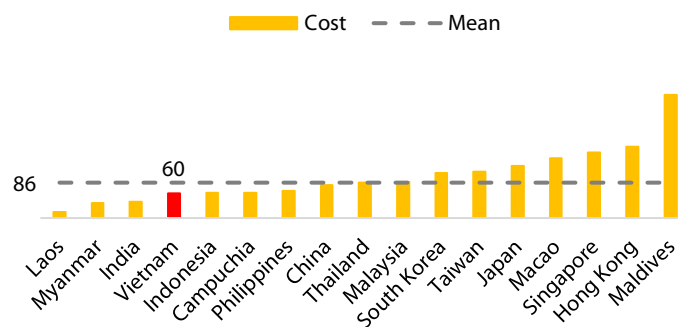
tourists. We believe that expanding the number of countries eligible for visa exemption to Vietnam is the future trend. Combined with the new immigration policies and Vietnam's low travel costs, Vietnam's competitive advantage over other Southeast Asian countries will be enhanced.

Figure 5: South Korea and China are the two countries with the largest number of tourists visiting Vietnam



Source: GSO, RongViet Securities

Figure 6: Travel costs in Vietnam are currently lower compared to the average level of countries in the region (USD/day)



Source: Budget Your Travel, RongViet Securities

Ample growth potential from airport expansion, but significant capex pressure

For 2025 and 2027, ACV faces substantial CAPEX for its key investment projects, approximately VND 126 trillion for 3 projects: Long Thanh International Airport (LTIA), the expansion of Terminal T2 at Noi Bai (T2-HAN), and Terminal T3 at Tan Son Nhat (T3-TSN). These projects will increase ACV's operational capacity by an additional 48 mn pax per year, raising the total annual capacity to over 150 mn pax – an increase of 42%. This expansion will help to reduce congestion at ACV's key airports.

Table 2: ACV's key projects

Project	Total investment (VND bn)	Expected completion	Design capacity (mn pax/year)	Note
Long Thanh international airport	110,000	Sep 2026	23	<ul style="list-style-type: none"> The two major bidding packages of Component Project 3 are Package 5.10 – Construction of the passenger terminal and Package 4.6 – Construction of the runway, taxiway, and aircraft apron, which are 10-20 days and 2 months ahead of the original schedule, respectively.. LTIA is expected to be operational from September 2026 with a designed capacity of 23 mn pax/year. Accumulated Q2-FY24, the construction and installation cost for LTIA reached VND 7.8 trillion. In Q2-FY24, ACV signed a USD 1.8 bn loan agreement with three banks, VCB, CTG, and BID, for Component Project 3. ACV prioritizes using its own capital, which remains at approximately VND 26.4 trillion, so the loans are expected to be disbursed in 2025.
Expansion of T2 - Noi Bai	5,000	Jan 2027	5	<ul style="list-style-type: none"> In Q2-FY24, Package No. 12 – Construction of the T2 Terminal Expansion Project, valued at VND 4.6 trillion (accounting for 92% of the total investment), was commenced. The package is scheduled to be completed within 2 years, so we believe that T2-HAN will be operational by the end of 2026, increasing its capacity from 10 mn pax/year to 15 mn pax/year. Accumulated Q2-FY24, the construction and installation cost for T2-HAN reached VND 141 bn.
T3 – Tan Son Nhat	11,000	May 2025	20	<ul style="list-style-type: none"> ACV reported that the overall project has completed 60% of the total workload. It is expected to finish 2 months ahead of the original plan, allowing it to be operational by April 30, 2025. The designed capacity of T3-SGN is 20 mn pax per year. Accumulated Q2-FY24, the construction and installation cost for LTIA reached VND 2.7 trillion.
Total	126,000	2025 - 2027	48	Once these three projects are completed, the total capacity will increase to over 150 mn pax per year, a 42% increase compared to the current level.

Source: ACV, RongViet Securities

Forecast

In 2H2024, we project international passenger volume to maintain double-digit growth to reach 22 mn (+22% YoY), driven by an influx of tourists from South Korea and China during extended holidays such as the Mid-Autumn Festival and National Day. Meanwhile, domestic passenger traffic is expected to reach 37 mn (-3% YoY). Although showing negative growth, it will improve compared to 1H2024 as domestic airlines increase flight frequencies after the fleet maintenance's completion. For 2024, total passenger traffic is forecast to reach 114 mn, with international and domestic volumes at 42.3 mn (+30% YoY) and 71.7 mn (-11% YoY), respectively

In the long term, Vietnam is expected to attract more international tourists and its tourism sector will become more competitive with other nations in the region. As a result, the number of passengers per flight is projected to improve gradually, reaching 184 by the final years of the forecast period—approaching the current levels in countries like Singapore, Japan, and South Korea. Additionally, the launch of Long Thanh International Airport will support Vietnam's global connectivity, increasing the frequency of international flights. The growth in international passenger traffic will be a key driver for ACV, as the price differential between international and domestic passenger services is significantly higher.

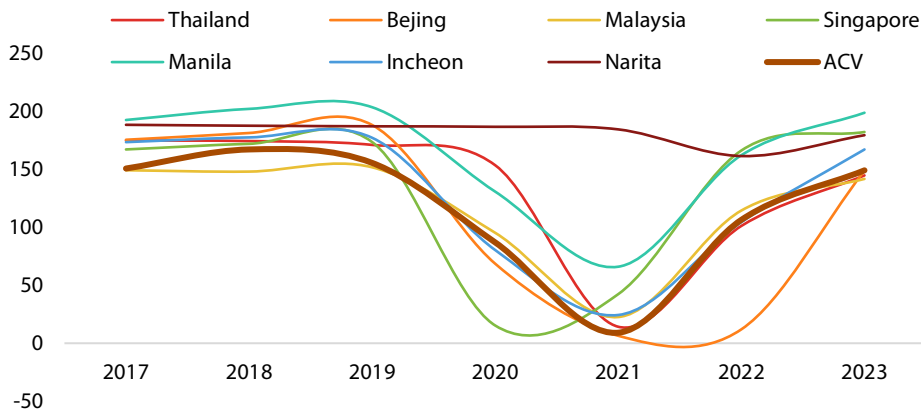
For 2024 and 2038, the CAGR for international/domestic passenger volume, net revenue and NPAT-MI (excluding aerodrome assets) is projected to be 5%/5%, 10%, and 12%, respectively. By 2038, passenger volume is expected to reach 88 mn international and 143 mn domestic passengers, with net revenue at VND 69 trillion and NPATMI at VND 36 trillion.

Table 3: Forecast 2024 – 2025F

Unit: VND bn	2024F	+/-YoY	2025F	+/-YoY	Assumption
Passenger volume (mn pax)	114	1%	122	7%	
International	42	30%	46	9%	
Domestic	72	-11%	76	6%	
Net revenue	22,871	14%	25,486	11%	
Aeronautical revenue	18,871	15%	21,168	12%	
Non-Aeronautical revenue	2,571	3%	2,758	7%	
Retail	1,428	20%	1,560	9%	
Aerodrome assets	2,647	3%	2,842	7%	
Gross profit	14,031	18%	15,977	14%	
Financial incomes	1,025	-54%	451	-56%	Self-financed capital has been used for key investment projects, leading to a sharp decrease in deposit interest in 2025.
Financial expenses	-781	646%	-381	-51%	The trend of a stronger Yen in Q3-FY24 is relatively clear after the BoJ raised its policy interest rates. We expect ACV to record exchange rate losses in 2H2024.
Gain/loss from JVs	312	20%	374	20%	
SG&A expenses	-2,009	-47%	-2,204	10%	ACV continues to maintain a 100% bad debt provision ratio for airlines such as Bamboo Airways and Vietravel. We assume that ACV will not make additional provisions for HVN in 2025. The bad debt provision costs for 2024/25F are VND 482 bn/ VND 528 bn.
EBIT	12,578	48%	16,528	15%	
NPATMI	10,115	20%	11,438	13%	
NPATMI (excluding aerodrome assets)	8,872	27%	10,167	15%	

Source: RongViet Securities

Figure 7: The number of pax per international flight in Vietnam is currently lower compared to other countries in the region



Source: Annual report of companies, RongViet Securities

Valuation

We apply the Free Cash Flow to Firm (FCFF) method with a 15 year forecast period, using a weighted average cost of capital (WACC) of 8.5% and a terminal growth rate (g) of 1%. We set a target price for ACV at **VND 113,400 per share**, with a total expected return of 0% based on the closing price as of October 11, 2024. We issue an **ACCUMULATE** recommendation for ACV.

Table 4: FCFF (VND bn)

	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F
NOPAT	8,347	9,654	9,400	8,901	11,178	15,447	18,851	21,321	23,224	24,665	26,459	28,019	29,699	31,509	33,458
+ D&A expenses	2,486	2,756	4,116	7,656	7,756	6,379	5,520	5,620	5,720	5,820	5,920	6,020	6,120	6,220	6,320
- Change in WC	1,149	1,582	-16,790	8,706	311	1,786	1,566	1,171	828	409	458	388	420	459	496
- Capex	13,300	67,000	42,700	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
FCFF	-3,617	-56,172	-12,394	5,851	16,623	18,040	20,805	23,769	26,116	28,076	29,921	31,651	33,399	35,270	37,282

Nguồn: CTCK Rông Việt

Table 5: Assumption about WACC

WACC	FCFF	VND bn	
Adjusted beta	0.7	Cumulative PV of FCFF	75,822
Risk-free rate	2.6%	PV of TV	154,516
Risk premium	10.4%	(+) Cash and Cash Equivalents	26,415
Cost of equity	9.4%	(-) Total debt	9,798
Cost of debt after tax	2.4%	(-) Minority interest	50
D/(D+E)	13%	Equity value	246,906
E/(D+E)	87%	Share out standing (mn)	2,177
WACC	8.5%	Target price (VND/share)	113,400

Source: RongViet Securities

Short-term downside risks

(1) Pressure on provisions for receivables

The increase in passenger volume remains a long-term growth driver for ACV. However, in the short term, the risk of provisioning for overdue receivables could impact the company's financial performance. In Q2 FY24, Vietnam Airlines' (HVN) overdue debt increased by VND 900 bn, and it is likely that ACV will continue provisioning for bad debts related to HVN's receivables, as the current provision rate for HVN stands at only 13%.

For 2H2024, we project ACV's provisioning expenses to reach VND 380 bn, with VND 120 bn provisioned for HVN each quarter. On the other hand, although Bamboo Airways has not increased its flight frequencies, the provisioning amount has decreased in the last two quarters

compared to the same period last year. As a result, we estimate the provisioning for Bamboo Airways to be VND 150 bn for 2H2024. The total estimated provisioning for 2024 is VND 477 bn.

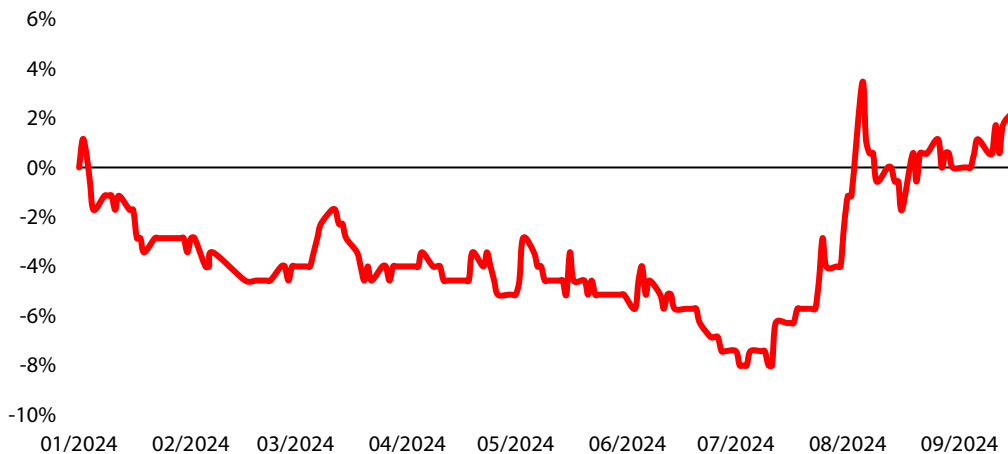
In the long term, the financial health of airlines is expected to improve gradually due to passenger volume growth. This will not only reduce bad debt provisioning pressure but also raise expectations that ACV may recover debts from airlines.

- Vietnam Airlines (HVN): In 1H2024, HVN returned to profitability from its core business operations, and its cash flow from operations (CFO) remains strong. Therefore, we believe that ACV's provisions for HVN may be recoverable in the future.
- Bamboo Airways: The company is facing financial difficulties and continues to report losses in 2024. It will take a significant amount of time to restructure its fleet and routes to reach breakeven. As a result, we do not expect ACV to recover any debts from this airline.

(2) Yen appreciation leads to foreign exchange losses for ACV

In Q3FY24, BoJ raised its policy interest rate from 0.1% to 0.25%, causing the Japanese yen to appreciate by approximately 11% compared to July 2024. ACV holds a long term debt of JPY 63.5 bn sourced from ODA funding, making the yen's appreciation a negative factor for ACV's financial results in 2H2024. The accounting exchange rate for JPY/VND set by the Ministry of Finance in September 2024 is 164, reflecting a 6% increase from the rate published in June 2024. We estimate that ACV will record a foreign exchange loss of approximately VND 600 bn in Q3FY24. For 2024, we project a net foreign exchange loss of around VND 711 bn, assuming the yen appreciates by about 7% compared to the beginning of the year

Figure 8: Performance of JPY/VND (% YTD)



Source: VCB, RongViet Securities

VND bn					VND bn				
INCOME STATEMENT	FY2022	FY2023	2024F	2025F	BALANCE SHEET	FY2022	FY2023	2024F	2025F
Revenue	13,807	19,998	22,832	25,443	Cash and cash equivalents	2,497	2,844	6,145	4,252
COGS	7,308	8,137	8,800	9,466	Short-term investments	30,498	25,896	20,000	15,000
Gross profit	6,499	11,861	14,031	15,977	Accounts receivable	6,473	12,672	13,305	13,678
Selling Expense	220	338	375	425	Inventories	451	468	472	521
G&A Expense	1,705	3,427	1,634	1,779	Other current assets	382	800	840	882
Finance Income	4,114	2,215	1,025	451	Property, plant & equipment	16,425	21,025	32,840	98,084
Finance Expense	94	105	781	3,276	Acquired intangible assets	1	3	4	4
Other profits	16	26	0	0	Long-term investments	2,796	2,849	3,161	3,535
PBT	8,789	10,492	12,578	14,216	Other non-current assets	579	790	790	790
Prov. of Tax	1,699	2,022	2,453	2,768	Total assets	60,102	67,348	77,556	136,746
Minority's Interest	6	10	10	10	Accounts payable	4,839	6,113	5,923	5,044
PAT to Equity S/H	7,084	8,460	10,115	11,438	Short-term borrowings	382	410	435	449
EBIT	4,574	8,097	12,022	13,773	Long-term borrowings	10,834	10,046	10,649	62,420
EBITDA	6,912	10,461	14,508	16,528	Other non-current liabilities	78	166	0	0
				%	Bonus and Welfare fund	192	198	930	914
FINANCIAL RATIO	FY2022	FY2023	2024F	2025F	Technology-science. dev. fund	0	0	0	0
Growth (%)					Total liabilities	16,325	16,934	17,938	68,827
Revenue	-5.8	44.8	14.2	11.4	Common stock and APIC	21,786	21,786	21,786	21,786
Operating Income	-14.2	51.3	38.7	13.9	Treasury stock (enter as -)	-3	-3	-3	-3
EBITDA	19.0	77.0	48.5	14.6	Retained earnings	15,911	22,542	31,747	40,048
PAT	38.8	19.4	19.6	-9.8	Other comprehensive income	0	0	0	0
Total Assets	36.1	12.1	15.2	76.3	Inv. and Dev. Fund	6,035	6,035	6,035	6,035
Equity	85.6	15.2	18.3	13.9	Total equity	43,729	50,360	59,565	67,866
					Minority Interest	48	53	53	53
Profitability (%)					VALUATION RATIO (*)	FY2022	FY2023	2024F	2025F
Gross margin	47.1	59.3	61.5	62.8	EPS (VND)	3,254	3,886	4,075	4,670
EBITDA margin	50.1	52.3	63.5	65.0	P/E (x)	26.0	18.0	26.2	22.9
EBIT margin	33.1	40.5	52.7	54.1	BV (dong)	20,085	23,131	27,359	32,140
Net margin	51.3	42.3	44.3	35.9	P/B (x)	4.2	3.0	3.9	3.3
ROA	11.8	12.6	13.0	6.7	DPS (dong/cp)	0	0	0	0
ROE	8.3	13.3	16.9	10.5	Dividend yield (%)	0	0	0	0
				(times)	VALUATION MODEL	Price	Weight	Average	
Receivable Turnover	2.1	1.6	1.7	1.9	FCFF	113,400	100%	113,400	
Inventory Turnover	16.2	17.4	18.7	18.2					
Payable Turnover	1.5	1.3	1.5	1.9	Target price (VND/share)		100%	113,400	
				(times)	VALUATION HISTORY	Price	Recommendation	Period	
Liquidity	7.7	6.5	6.4	6.3	10/2024	113,400	ACCUMULATE	1 year	
Current	7.6	6.5	6.3	6.2					
Quick									
Finance Structure (%)	25.6	20.8	18.6	92.6					
Total Debt/Equity	0.9	0.8	0.7	0.7					
Short-term Debt/Equity	24.8	19.9	17.9	92.0					

RESULT UPDATE

This report is created to provide investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determining the reasonable value of the stock at the time such analyses are performed. Through this report. We strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedback and/or receive more information. Investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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