

SAI GON CARGO SERVICE CORPORATION (HSX: SCS)

Stable operations with no major fluctuations

| Unit: VND bn | Q2-FY25 | Q1-FY25 | +/- qoq | Q2-FY24 | +/- yoy |
|--------------|---------|---------|---------|---------|---------|
| Net sales | 292 | 266 | 10% | 264 | 10% |
| NPAT-MI | 189 | 170 | 11% | 190 | 0% |
| EBIT | 218 | 201 | 9% | 199 | 10% |
| EBIT margin | 75% | 76% | -68 bps | 75% | -65 bps |

Source: SCS, RongViet Securities

Q2-FY25: Despite subdued net profit after tax (NPAT), the results reflect a relatively positive outcome, underpinned by sustained growth signals from core operations.

- In Q2-FY25, SCS recorded revenue of VND 292 billion (+10% YoY) and NPAT of VND 189 billion (flat YoY). Revenue growth was driven by a shift in the mix of international and domestic cargo, leading to an approximate 16% YoY increase in average service prices. However, NPAT growth did not align with revenue due to the expiration of CIT incentives. Starting in 2025, SCS will be subject to a 20% CIT rate (previously exempt for four years, with a 50% tax reduction for the subsequent nine years). Consequently, the NPM contracted significantly from 72% in the prior year to 65%.
- International and domestic cargo volumes reached 54,000 tons (+2% YoY) and 13,000 tons (-26% YoY), respectively. International cargo growth was modest due to the absence of the low-base effect from the prior year. According to the company, flight routes between Asia, the Americas, and Vietnam were extended by 1–3 hours to avoid the airspace of Iran, Israel, and Iraq due to ongoing conflicts. Meanwhile, SCS's domestic client, Vietjet, faced operational challenges in ground handling services, disrupting the cargo transportation supply chain. The share of international cargo increased to 81% from 75% in the SPY.

Outlook for 2025: Stable business results are expected, supported by the absence of significant tariff impacts and a temporary pause in Middle East geopolitical tensions.

- International cargo remains SCS's key revenue contributor, accounting for 90–95% of net revenue. We forecast volume at 228,000 tons (+11% YoY). A ceasefire between Iran and Israel should support recovery in international flows, while US tariffs pose limited risk given that the US accounts for only 15% of volume. The higher share of international cargo will keep average service prices elevated.
- Conversely, domestic cargo is anticipated to decline, reaching 58,000 tons (-7% YoY), constrained by ongoing limitations in Vietjet's ancillary services.
- The net profit margin is estimated at 60%, down from 67% in the prior year, primarily due to the expiration of CIT incentives as noted above.
- For 2025, we forecast SCS's revenue and NPAT at VND 1,147 billion (+11% YoY) and VND 692 billion (flat YoY), respectively, with a corresponding EPS of VND 7,294.

Investment Perspective and Recommendation

For short-term investment strategies, we view SCS shares as undervalued, with a TTM P/E ratio of 8.0x and EV/EBITDA of 5.3x, representing discounts of 30%/53% compared to the mean 5Y and 43%/90% relative to the industry average. SCS's business operations are expected to remain positive in 2025–2026, bolstered by an attractive dividend yield of approximately 12%. However, the stock's performance has declined by 24% YTD, suggesting investor skepticism regarding SCS's long-term growth prospects.

In the long term, SCS's growth outlook hinges significantly on the selection of the operator for the Long Thanh International Airport (LTIA). There are currently no significant updates on the progress of selecting the operator for Cargo Terminal 1 at LTIA. We maintain two scenarios for this event: (1) SCS is not selected, and (2) SCS is selected as the LTIA operator. Based on FCFE valuation, target prices are **VND 66,200** and **VND 109,500** per share under two scenarios. We recommend an **OBSERVE**, providing investors with objective insights ahead of official disclosures.

OBSERVE

| | |
|--------------------|--------|
| Market price (VND) | 61,400 |
| Target price (VND) | N/A |

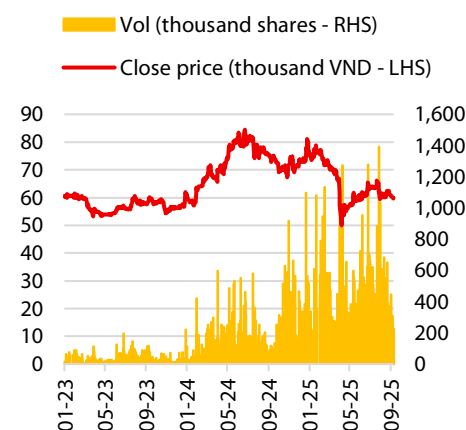
1-year expected cash dividend (VND/share): 7.000
VND/cp

Stock Info

| | |
|--|------------------|
| Sector | Travel & Leisure |
| Market Cap (VND Bn) | 5,826 |
| Share O/S (Mn) | 95 |
| Average trading volume (20 sessions) ('000 shares) | 460 |
| Free Float (%) | 40 |
| 52 weeks high | 81,098 |
| 52 weeks low | 49,995 |
| Beta | 0.9 |

| | FY2024 | Current |
|----------------|--------|---------|
| EPS | 6,787 | 7,004 |
| EPS growth (%) | 45.6 | -0.1 |
| P/E | 9.5 | 5.5 |
| P/B | 4.9 | 4.2 |
| EV/EBITDA | 8.1 | 6.5 |
| ROE (%) | 50.5 | 48.1 |

Performance



Major shareholders (%)

| | |
|------------------------------|-------|
| GMD | 33.42 |
| ACV | 13.62 |
| Aircraft Repair Co., Ltd. 41 | 7.07 |
| Others | 45.89 |
| Remaining Foreign Room (%) | 16.89 |

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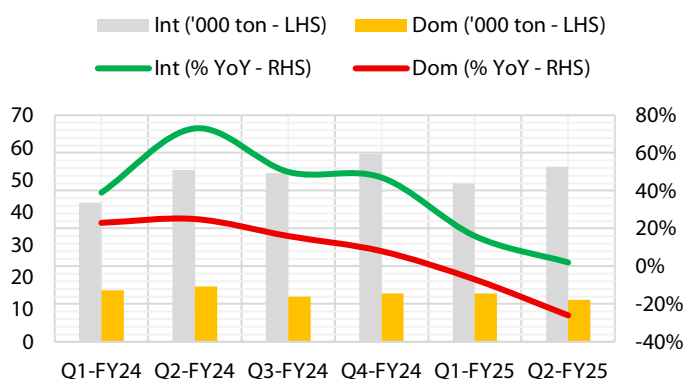
Q2-FY25 Business Performance: Revenue Maintains Double-Digit Growth, but Profit Growth Slows

SCS reported a NPAT of VND 189 billion (+11% QoQ, flat YoY). Despite the flat year-on-year profit, we view this as a relatively positive result, given the sustained double-digit revenue growth.

SCS recorded revenue of VND 292 billion (+11% YoY), with cargo terminal operations contributing VND 274 billion (+11% YoY), representing the core business segment and accounting for 94% of total revenue. Key details include:

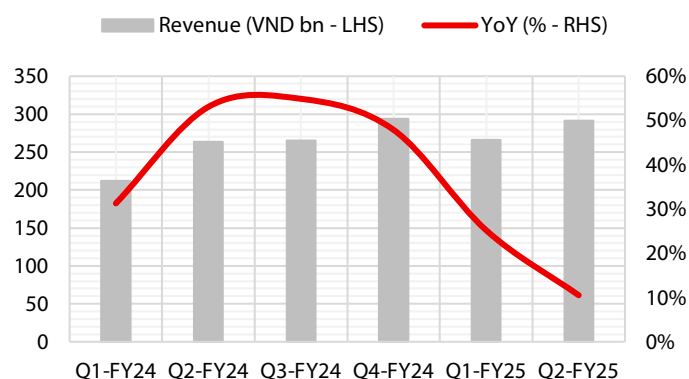
- **International cargo volume:** Reached 54,000 tons (+2% YoY), reflecting a slowdown from the previous quarter due to the absence of a low-base effect from the prior year. According to the company, flight routes between Asia, the Americas, and Vietnam were extended by 1–3 hours to avoid the airspace of Iran, Israel, and Iraq due to ongoing conflicts. We believe this may have contributed to the lower-than-expected cargo volume growth.
- **Domestic cargo volume:** Recorded 13,000 tons (-26% YoY). The significant decline in domestic cargo was driven by operational challenges faced by Vietjet, a major client, in ground handling services, which disrupted the cargo transportation supply chain. However, domestic cargo contributes only approximately 5% to terminal operation revenue, so this decline had a limited impact on SCS's overall revenue in Q2-FY25.
- **Average service price:** Estimated at VND 4.1 million per ton, up 5% QoQ and 16% YoY, driven by an increased proportion of international cargo. In Q2-FY25, the international-to-domestic cargo mix was 81%/19%, with international cargo rising by 5.5 percentage points compared to 75%/25% in the same period last year.

Figure 1: Total output of SCS



Sources: SCS, RongViet Securities

Figure 2: Revenue of SCS



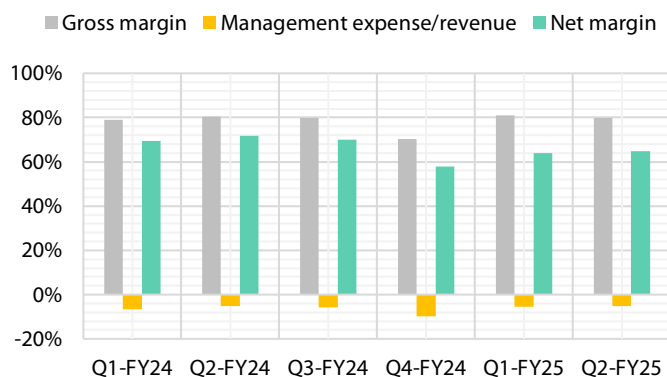
Sources: SCS, RongViet Securities

Financial income: SCS recorded financial income of VND 18 billion (+25% YoY), contributing 7% to PBT. The company held nearly VND 1,400 billion in cash and short-term investments (+54% YoY), accounting for 70% of total assets as of the end of Q2-FY25. Despite low market interest rates, financial income achieved double-digit growth, driven by a 54% YoY increase in the scale of short-term investments. These primarily consist of term deposits with an average interest rate of approximately 6.5% per annum, an attractive rate due to the large deposit amounts.

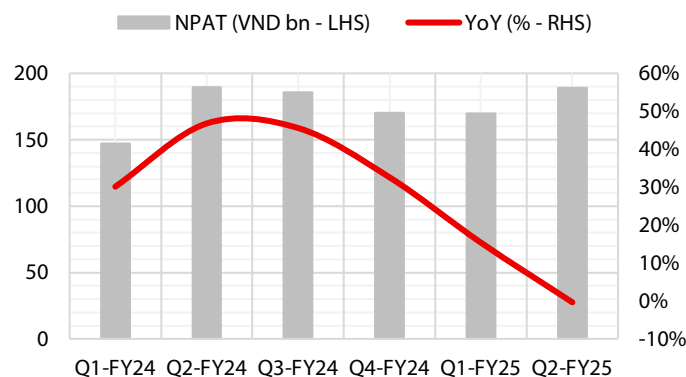
Accumulated 6M2025, SCS reported revenue of VND 558 billion (+17% YoY) and net profit after tax (NPAT) of VND 359 billion (+7% YoY), achieving 48% and 52% of the full-year plan, and 54% and 52% of our projections, respectively.

Profitability ratios: Most of SCS's profitability indicators remained robust in Q2-FY25

- **Gross profit margin:** Stable at 80% (-1.1 pps QoQ, -0.6 pps YoY), with no significant fluctuations.
- **SG&A/Sales:** Remained low and stable at 5.2% (-0.4 pps QoQ, +0.1 pps YoY).
- **Net profit margin:** Reached 64.8% (+1 pps QoQ, -7 pps YoY). The contraction in net margin was primarily due to increased corporate income tax (CIT) expenses. SCS's incentive for a 50% reduction in CIT, applicable for nine years, has expired, and the company is now subject to a 20% CIT rate starting in 2025.

Figure 3: SCS remains impressive profitability (%)


Sources: SCS, RongViet Securities

Figure 4: Profit of SCS


Sources: SCS, RongViet Securities

Table 1: Result in Q2-FY25

| Unit: VND billion | Q2-FY25 | +/- QoQ | +/-YoY | 6M2025 | +/-YoY | %Forecast |
|---------------------------------|--------------|------------|--------------|------------|------------|------------|
| Cargo volume ('000 tons) | 67 | 4% | -4.5% | 131 | 2% | 49% |
| International | 54 | 10% | 2% | 104 | 9% | 51% |
| Domestic | 13 | -13% | -26% | 28 | -17% | 48% |
| Net revenue | 2,956 | 10% | 11% | 558 | 17% | 54% |
| Cargo terminal operations | 292 | 10% | 11% | 523 | 18% | |
| Aircraft parking leasing | 1 | 0% | 0% | 3 | 0% | |
| Office and parking leasing | 16 | 4% | 5% | 31 | 6% | |
| COGS | 58 | 16% | 14% | 109 | 13% | |
| Cargo terminal operations | 53 | 17% | 15% | 99 | 15% | |
| Aircraft parking leasing | 1 | 0% | -3% | 3 | -2% | |
| Office and parking leasing | 4 | 14% | 2% | 7 | 0% | |
| Gross profit | 233 | 8% | 10% | 449 | 18% | 51% |
| SG&A expenses | 15 | 1% | 13% | 30 | 10% | |
| EBIT | 218 | 9% | 10% | 419 | 19% | |
| Financial income | 18 | 33% | 25% | 32 | 9% | |
| Financial expenses | 0 | n/a | n/a | 0 | n/a | |
| PBT | 236 | 10% | 11% | 450 | 18% | 52% |
| NPAT | 189 | 11% | 0% | 359 | 7% | 52% |

Sources: SCS, RongViet Securities

Table 2: Financial ratio in Q2-FY25

| Indicator | Q2-FY25 | Q1-FY25 | +/-QoQ | Q2-FY24 | +/-YoY |
|--------------------------|---------|---------|----------|---------|----------|
| Profitability (%) | | | | | |
| Gross profit margin | 80 | 81 | -111 bps | 81 | -57 bps |
| EBITDA margin | 79 | 80 | -106 bps | 80 | -89 bps |
| EBIT margin | 75 | 76 | -68 bps | 75 | -65 bps |
| Net profit margin | 65 | 64 | 94 bps | 72 | -703 bps |
| Efficiency (days) | | | | | |
| - Inventory days | 0 | 0 | 0 | 0 | 0 |
| - Receivables days | 35 | 35 | 0 | 45 | -10 |
| - Payables days | 10 | 9 | 0 | 12 | -3 |
| Leverage (%) | | | | | |
| Total Debt/Total Equity | 0 | 0 | 0 | 0 | 0 |

Source: RongViet Securities

Revenue and NPAT are expected to return to a growth trajectory in Q3-FY25.
Table 2: Forecast Q3-FY25 result

| Unit: VND bn | Q3-FY25 | +/- QoQ | +/- YoY | Note |
|----------------------------------|------------|-----------|------------|---|
| Output volume ('000 tons) | 70 | 4% | 6% | |
| International | 57 | 4% | 9% | We expect international cargo volume in Q3-FY25 to resume stable growth, reaching approximately 9% YoY. In July 2025, volume reached 19.3 thousand tons (+10% YoY), driven by the rapid normalization of transportation activities following the ceasefire agreement between Iraq and Israel at the end of June 2025. |
| Domestic | 13 | 0% | -7% | Domestic cargo volume continues to show no clear signs of improvement, with July 2025 recording 4 thousand tons (-12% YoY). The primary reason for this is the ongoing instability in ground service operations by SCS's largest domestic client, Vietjet. Although the decline has slowed due to a low base effect from the same period last year, volume has remained largely unchanged compared to the previous quarter. |
| Average price (mil VND/ton) | 4.1 | 0% | 8% | The average service price is maintained at VND 4.1 million per ton, stable compared to the previous quarter. The estimated mix of international and domestic cargo remains at 81.6% and 18.4%, respectively, with no significant changes from the prior period. |
| Net revenue | 303 | 4% | 14% | |
| Cargo terminal operations | 285 | 4% | 14% | Cargo terminal operation revenue is expected to grow in double digits, supported by the increase in volume and service prices as outlined above. |
| Aircraft parking leasing | 1 | 0% | -1% | |
| Office and parking leasing | 16 | 0% | 7% | |
| COGS | 60 | 2% | 12% | |
| Gross profit | 243 | 4% | 14% | |
| SG&A expenses | 16 | 8% | 7% | We assume the operating expense-to-net revenue ratio for SCS will remain consistent with the previous quarter at 5%. |
| Financial income | 18 | -1% | 48% | |
| PBT | 244 | 4% | 17% | |
| Tax | 49 | 4% | 103% | SCS's 50% corporate income tax (CIT) reduction incentive has expired. Starting in 2025, the CIT rate is 20%, resulting in a significant year-on-year increase in tax expenses. |
| NPAT | 196 | 3% | 5% | |
| Ratio | | | | |
| Gross profit margin | 80% | 32 bps | 30 bps | |
| SG&A/Sales | 5% | 22 bps | -36 bps | |
| PBT margin | 81% | 6 bps | 226 bps | |
| NPAT margin | 65% | 6 bps | -511 bps | |

Source: RongViet Securities

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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 determine 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% |

ABOUT US

RongViet Securities Corporation (RongViet) was established in 2006, licensed to perform the complete range of securities services including brokerage, financial investment, underwriting, financial and investment advisory and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders, also our strategic partners, are reputable institutions, i.e. Eximbank, Viet Dragon Fund Management, etc... Along with a team of the professional and dynamic staffs, RongViet has the man power as well as the financial capacity to bring our clients the most suitable and efficient products and services. Especially, RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongVietSecurities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews.

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