

SAIGON CARGO SERVICE CORPORATION (HSX: SCS)

Standing at the turning point of life

SCS's long-term growth depends on the operator selection at Long Thanh International Airport (LTIA). We outline two scenarios. We outline two scenarios: **Not Selected (Scenario 1)** and **Selected (Scenario 2)** into LTIA. Using the cash flow discount method (FCFF), the target price for the two scenarios is **66,200 VND/share** and **109,500 VND/share**, respectively. We recommend **OBSERVE** with the goal of helping investors to be informed, make objective judgments and make decisions when official information is released.

- **International cargo operations from Tan Son Nhat Airport (TSN) will gradually shift to LTIA, creating two turning points for SCS's long-term growth potential:**
 - **Scenario 1: SCS is not allowed to operate at LTIA**, leading to a market share decline to 10% by 2027 (-9 pps from 2027), with operations limited to low-cost carriers at TSN. Revenue is projected to decline at a CAGR of -7% in the 2025–2029 period.
 - **Scenario 2: Participation in LTIA allows SCS** to retain international customers and cargo volume, maintaining a stable market share of 19% during 2025–2029. Revenue is projected to grow at a CAGR of 12% over the same period.
- **Profit margins are expected to narrow in the long term but remain at a high level**
 - Gross margin is projected to decline starting in 2027. **In Scenario 1**, the average service price decreases due to lower share of international cargo. **In Scenario 2**, SCS must pay an exploitation concession fee to the investor, assumed at 4.5% of revenue.
 - The CIT rate will rise to 20% from 2025 following the expiration of the incentive period. For 2025, the net margin is expected to reach 61% (-6 pps YoY). In the long term, the net margin stabilizes at 59% in both scenarios due to the narrowing gross margin described above.

For 2025, revenue and NPAT are forecast to reach VND 1,153 bn (+11% YoY) and VND 698 bn (+1% YoY), respectively. The corresponding EPS is 6,512 VND. In the long term, the CAGR of NPAT in the period 2025 – 2029 for Scenario 1 and Scenario 2 is -9% and +10%, respectively, reaching VND 464 bn and VND 1,021 bn in 2029.

Risks to recommendations

- The timeline for LTIA's operational launch may be delayed beyond expectations.
- A global trade war during President Donald Trump's second term may reduce demand for investment in electronic components and cross-border procurement.

Key financial ratios

Indicator (VND Bn)	FY2021	FY2022	FY2023	FY2024	FY2025F	FY2026F
Net revenue	839	851	705	1,037	1,153	1,313
YoY (%)	21.1	1.4	-17.2	47.1	11.2	13.9
EBITDA	628	685	526	773	855	971
NPAT-MI	564	646	498	693	698	796
YoY (%)	21.4	14.6	-22.9	39.0	0.8	14.0
NPAT-MI margin (%)	67.2	75.9	70.7	66.8	60.6	60.6
ROA (%)	42.4	39.8	41.5	29.3	37.1	39.9
ROE (%)	45.7	45.1	45.1	37.2	49.6	54.8
Basic EPS (VND)	10,329	6,401	4,963	6,863	6,512	7,467
Book value (VND)	24,619	15,271	14,185	14,815	14,828	15,295
Cash dividend (VND)	3,000	6,000	5,000	6,500	7,000	7,000
P/E (x)	8.0	10.4	16.6	11.5	9.0	7.9
P/BV (x)	3.6	4.9	6.5	6.0	3.9	3.8

Source: SCS, RongViet Securities. Based on the closing price on 04/17/2025.

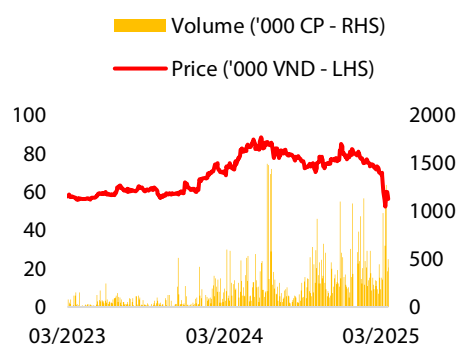
OBSERVE

Market price (VND)	58,000
Target Price (VND)	N.R

Cash dividend next 12 months	3,500 VND
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Stock Information

Sector	Aviation
Market Cap (VND Bn)	5,342.1
Shares O/S (Mn)	94.9
Beta	0.9
Free Float (%)	40
52 weeks high	88,537
52 weeks low	52,400
Average trading volume (20 sessions)	444.33



Performance (%)

	3M	1Y	2Y
SCS	-27.9	-23.3	-1.9
VN30 Index	-1.7	4.9	15.0
VN-Index	-2.9	-0.4	1.6

Major shareholders (%)

GMD	33.42
ACV	13.62
Aircraft Repair Co., Ltd. 41	7.07
Others	45.89
Remaining foreign room (%)	12.16

Quan Cao

(084) 028 - 6299 2006 – Ext 2223

quan.cn@vdsc.com.vn

VALUATION

LONG-TERM VALUATION USING THE FCFF METHOD

SCENARIO 1 – NOT PARTICIPATING IN CARGO TERMINAL 1

DCF assumptions	Value	Valuation summary	Unit: Billion VND
WACC 2025	15%	DCF forecast duration	5 years
Effective tax rate	20.0%	Discounted free cash flow	5,155
Cost of equity	15%	+ Cash & Short-term investment	1,131
Risk-free rate	3%	- Debt	0
Equity risk premium	12%	Equity value	6,286
Beta	1.0	No. of Share outstanding (million shares)	94.9
Exit EV/EBITDA	10.0x	Equity value per share (VND)	66,247

Table 1: Sensitivity for equity value per share (VND)

		Exit EV/EBITDA				
		8	9	10	11	12
WACC	13%	63,113	66,569	70,024	73,480	76,936
	14%	61,469	64,780	68,091	71,402	74,713
	15%	59,900	63,074	66,247	69,421	72,594
	16%	58,403	61,446	64,489	67,531	70,574
	17%	56,972	59,891	62,810	65,729	68,647

SCENARIO 2 – PARTICIPATING IN CARGO TERMINAL 1

DCF assumptions	Value	Valuation summary	Unit: Billion VND
WACC 2025	15%	DCF forecast duration	5 years
Effective tax rate	20.0%	Discounted free cash flow	9,259
Cost of equity	15%	+ Cash & Short-term investment	1,131
Risk-free rate	3%	- Debt	0
Equity risk premium	12%	Equity value	10,390
Beta	1.0	No. of Share outstanding (million shares)	94.9
Exit EV/EBITDA	10.0x	Equity value per share (VND)	109,500

Table 2: Sensitivity for equity value per share (VND)

		Exit EV/EBITDA				
		8	9	10	11	12
WACC	13%	102,685	109,808	116,930	124,053	131,176
	14%	99,475	106,300	113,124	119,949	126,773
	15%	96,416	102,958	109,499	116,040	122,582
	16%	93,501	99,773	106,045	112,317	118,589
	17%	90,719	96,736	102,752	108,768	114,784

SHORT-TERM VALUATION BY P/E METHOD

Stock Code	Country	Market Cap (USD mn)	Net revenue in 2023 (USD mn)	EBITDA 2023 (USD mn)	Gross margin (%)	Net margin (%)	P/E 2023 (x)	EV/EBITDA 2023 (x)
NCT VN Equity	Vietnam	95	29	12	48.3	30.9	11.2	7.1
AGLT KK Equity	Kuwait	4,228	4,402	799	60.5	6.2	15.5	5.4
SATS SP Equity	Singapore	3,121	1,280	93	N/A	-1.5	N/A	42.5
CLEBI TI Equity	Turkey	719	471	136	33.8	15.3	12.7	7.7
5-year median of the air cargo industry (2018-2023)							12.7	7.4

Table 3: Sensitivity table for Equity per Share (VND)

			P/E				
			12.5x	13.5x	14.5x	15.5x	16.5x
EPS(VND)	2025	6,512	81,402	87,914	94,426	100,938	107,450
	2026	7,467	93,343	100,810	108,278	115,745	123,213

Source: Fiinx, Bloomberg, RongViet Securities

Although SCS's outlook for 2025 is forecast to be positive, its stock price has dropped 14.2% year-to-date (YTD), corresponding to a forward 2025 P/E of 10.4x (28% below the industry median). This suggests that the market is concerned about SCS's long-term prospects and "doubts" its likelihood of being selected to operate Terminal 1 at LTIA.

In our view, SCS has strong operational capabilities and a leading edge in this competition ([page 29](#)). However, the auction process is inherently unpredictable, so our forecast for SCS is based on two scenarios:

- **Scenario 1** – SCS **is not** selected to operate for LTIA.
- **Scenario 2** – SCS is selected to be exploited for use at LTIA.

Using the discounted cash flow method (FCFF), the target prices for the two scenarios are **66,200 VND/share** and **109,500 VND/share**, respectively, with an expected cash dividend of **3,500 VND/share** in the next 12 months. We recommend an **OBSERVE** stance to help investors get information, objective opinion, and make decisions when official information is released.

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FINANCIAL ANALYSIS AND FORECAST FOR 2025-29 ([Back to Table of Contents](#))

Long Thanh International Airport (LTIA) is expected to commence operations in Q1-FY27, playing a key role in SCS's long-term growth prospects. LTIA will have two cargo terminals under component projects 3 and 4, managed by two separate investors: Airports Corporation of Vietnam (Upcom: ACV) and the Ministry of Transport (now the Ministry of Construction) (Table 4). Based on the information gathered, we believe the two air cargo terminals will have similar functions, compete on service quality, and adopt distinct investment models:

- **Cargo terminal No. 01** will be invested in the form of a concession operation, invested by ACV and an auction will be organized to select the terminal operator, according to SCS.
- **Cargo terminal No. 02** follows a Public-Private Partnership (PPP) model, based on the bidding structure for the aviation catering service under the Ministry of Transport. Both Terminal No. 02 and the catering service fall under project 4a of component project 4.

SCS aims to become the operator of Cargo Terminal No. 01, funded by ACV. This terminal could be managed by a single entity or a joint venture of cargo operation companies. Currently, **SCS is the only company collaborating directly with ACV** and Incheon consultants (Korea) on critical aspects such as architectural design, functionality, technology integration, and operational consulting. This leads us to favor the likelihood of Terminal 1 being operated by a single entity.

Meanwhile, Terminal 2 has attracted interest from Vietnam Airlines (HSX: HVN) and Viettel Post (HSX: VTP).

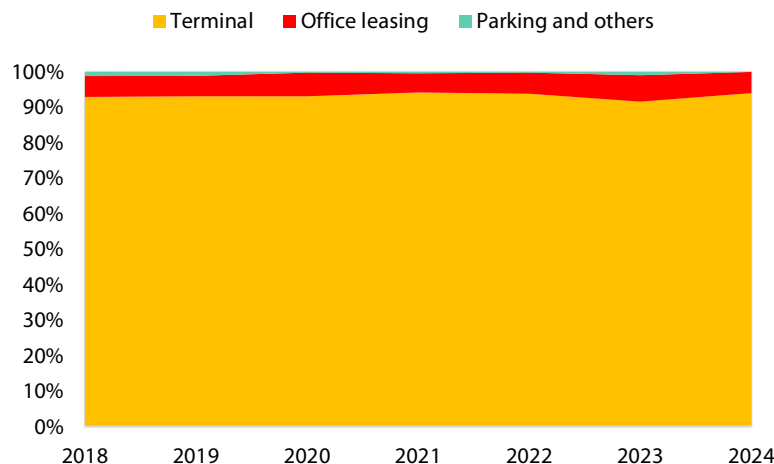
Table 4: Information about cargo terminals at LTIA

Information	Cargo Terminal No. 01	Cargo Terminal No. 02
Investor	ACV	Ministry of Transport
Project	Component 3	Component 4
Forms of investment	Concession	Public-Private Partnership (PPP)
Business Areas	International/Domestic Cargo	International/Domestic Cargo
	Logistics Services	Logistics Services
Design capacity	600,000 tons/year	600,000 tons/year

Source: RongViet Securities

Revenue: As a post-TSN company, SCS operates a modernly designed terminal with a highly automated cargo handling process, laying the foundation for sustainable growth. SCS's net revenue recorded a compound annual growth rate (CAGR) of 14% from 2014 to 2024, despite the impact of COVID-19 in 2020 and global inflation in 2023.

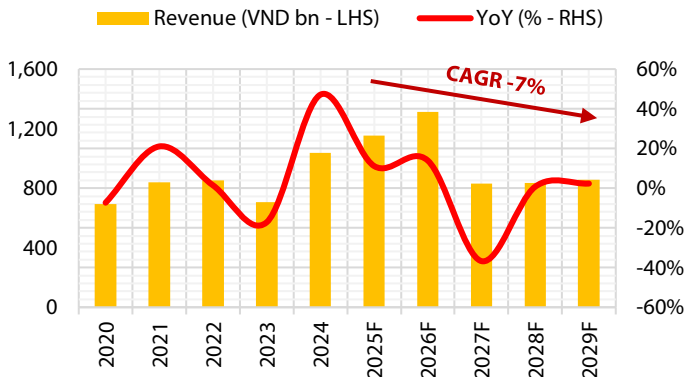
Figure 1: Revenue structure of SCS



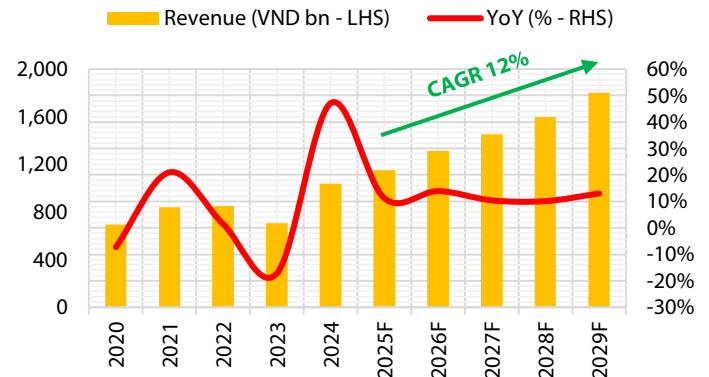
Source: SCS, RongViet Securities

During this period, SCS capitalized on Vietnam's expanding global connectivity, leveraging its superior operational advantages and fast processing speeds to attract Qatar Airways and Cathay Pacific from TCS (page 20). These two airlines currently rank 3rd and 12th globally in terms of cargo volume. In 2024, SCS is projected to achieve revenue of VND 1,037 billion (+47% YoY), increasing its market share to 19% (+380 bps YoY) (Figure 4).

International cargo operations have accounted for 85%–90% of SCS's total revenue since it began operations. However, a turning point is expected when LTIA becomes operational, as international cargo traffic at Tan Son Nhat Airport (TSN) is forecast to decline by 40% by 2027 (page 27). Accordingly, we project a CAGR in revenue of -7% under Scenario 1 and +12% under Scenario 2 for the period 2025–2029.

Figure 2: SCS's revenue according to Scenario 1


Source: SCS, RongViet Securities

Figure 3: SCS's revenue according to Scenario 2


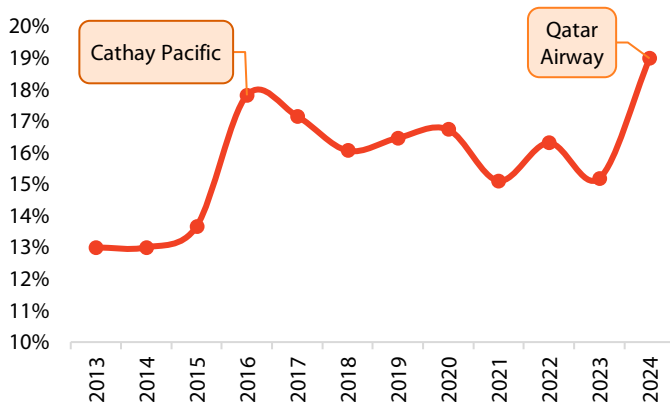
Source: SCS, RongViet Securities

Air Cargo terminal segment

• International volume

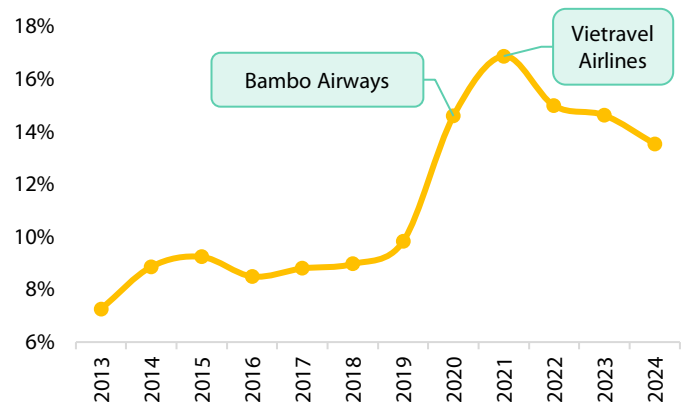
- **Scenario 1:** In this scenario, SCS cannot continue serving customers transferred from TSN to LTIA. SCS's market share is projected to shrink to 10% (-9 pps YoY) by 2027, with only low-cost carrier remaining at TSN (page 27). SCS's international volume is forecast to decline by 11% over the forecast period.
- **Scenario 2:** Participation in LTIA ensures SCS's international cargo output. We forecast a CAGR of 11%, in line with the growth rate of international cargo through Vietnam (page 25). This implies SCS's market share will remain stable at 19% over the forecast period. SCS can continue serving existing customers, and the competitive landscape at LTIA is expected to be a two-player race between the operators of Cargo Terminals 1 and 2, resembling the current situation at TSN.
- **Domestic volume:** SCS's domestic customers include Vietjet Air, Bamboo Airways, and Vietravel Airlines. Before the COVID-19 pandemic, SCS boosted its domestic cargo market share due to the expansion of low-cost carrier. However, since 2022, two of these domestic customers have scaled back their fleets and restructured routes and frequencies (figure 5). As a result, SCS's market share has declined by an average of 111 bps per year over the past three years. We project SCS's domestic cargo output to achieve a CAGR of 12% from 2025 to 2029, based on the following assumptions:
 - Pre-COVID-19, domestic cargo traffic grew at an average rate of 15% per year, roughly double Vietnam's GDP growth. We anticipate a return to this growth trajectory.
 - Currently, these two airlines plan to expand their fleets again, so we expect SCS's market share decline to slow to 30 bps per year.

Figure 4: SCS's international cargo market share expands with the addition of two major global airlines...



Source: SCS, ACV, RongViet Securities

Figure 5: ... Meanwhile, the domestic cargo market share has been trending downward since 2022 due to customer restructuring



Source: SCS, ACV, RongViet Securities

- Average service charge:** On average, approximately every three years, SCS adjusts its service fees for airlines, increasing them by 3% to 5%. Therefore, we assume that SCS will raise service fees by 3% during the 2025–2029 period.

Office leasing: Stable revenue from office leasing contributes an average of 7% to SCS's total revenue. Between 2013 and 2024, rental revenue grew at a CAGR of 8%, driven by increasing rental rates and lease area ([page 22](#)). In 2024, SCS is leasing offices with an estimated unit price of VND 7 mn/m² and an occupancy rate of up to 99%.

We assume that during the forecast period, the occupancy rate will remain the same as in 2024 and rental prices will grow by an average of 2.6%/year (equivalent to the CAGR in the period 2013 – 2024), to VND 8 mn/m² in 2029.

In the long term, SCS plans to expand this segment by investing in the SCSC-2 office building and the Aviation catering distribution center. However, since the project has not yet been approved for construction by the Ministry of National Defense, we do not factor its potential growth in our valuation.

Cost of goods sold structure: SCS optimizes costs through the effective use of human resources. We estimate that each SCS operator is capable of handling 1.75 tons of cargo per day—the highest efficiency level in Vietnam—comparable to modern terminals such as Beijing, Pudong (Shanghai), and Baiyun (Guangzhou) during 2022–2023.

Due to the labor-intensive nature of the industry, labor and outsourcing costs account for approximately 70% of SCS's total cost structure. Over the past two years, these costs have increased due to rising output, reaching 83%.

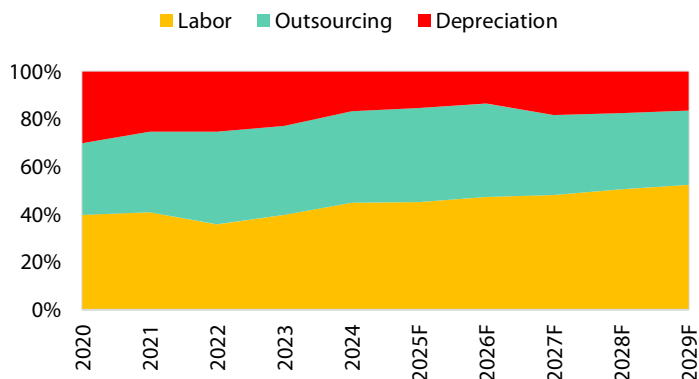
Additionally, SCS incurs no land rental costs. At the TSN station, SCS operates on land owned by its major shareholder, A41 ([page 18](#)). In return, the company pays A41 a fixed preferred dividend of USD 1.5 million annually until 2028.

For both scenarios, we assume no difference in depreciation costs, as ACV will invest in construction, machinery, and equipment at LTIA. Additionally, the outsourcing expense ratio is maintained at 9% of net revenue.

- Scenario 1:** Labor costs are forecast to decline by 7% from 2025 to 2029 due to reduced output at TSN, leading SCS to cut the number of operational employees.
- Scenario 2:** Since ACV will cover all construction, machinery, and equipment costs, the cost structure will include additional concession fee for the investor.
 - Labor costs are projected to grow at a compound annual rate of 12% between 2025 and 2029, as SCS increases its workforce to maintain cargo-handling capacity at LTIA.

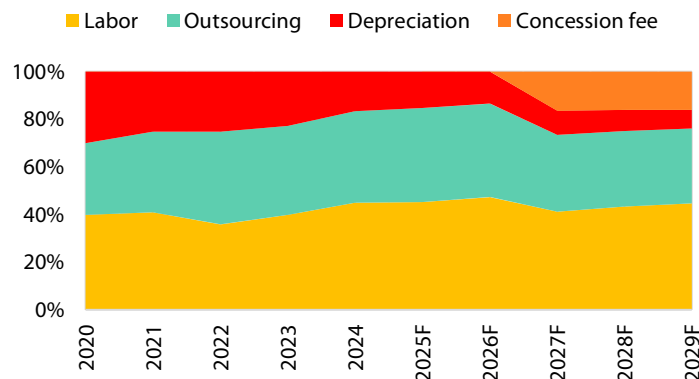
- According to Circular 12/2022/TT-BGTVT issued by the Ministry of Transport, the franchise fee is regulated between 1.5% and 4.5% of station revenue. If Terminal 1's operator is selected through an auction process, the winning bidder is expected to offer the most competitive and attractive fee. Therefore, we assume that SCS will secure the contract with a franchise fee of 4.5% of mining revenue.

Figure 6: COGS structure according to Scenario 1



Source: SCS, RongViet Securities

Figure 7: COGS structure according to Scenario 2

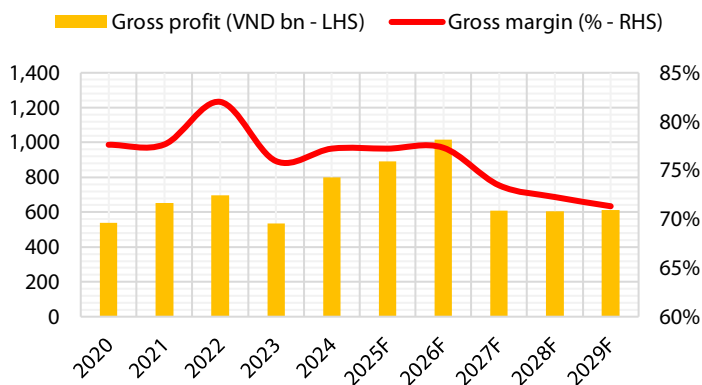


Source: SCS, RongViet Securities

Gross profit margin: Due to the absence of annual land rental costs, as mentioned above, SCS has consistently maintained a stable gross profit margin—the highest in the world compared to other companies in the same industry—averaging 76% over the past 10 years. However, the gross profit margin is expected to decline from 2027 onward in both scenarios for different reasons:

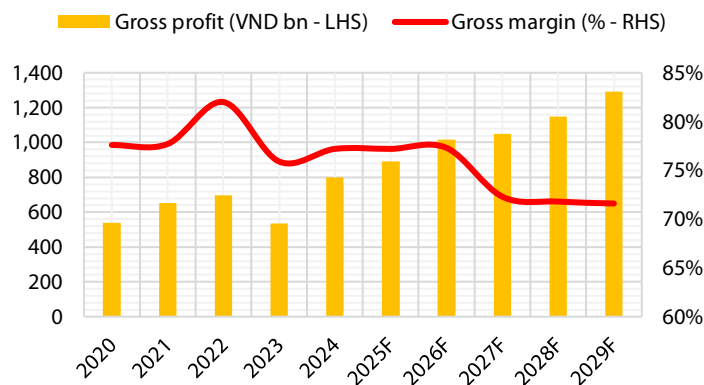
- **Scenario 1:** Average service prices are projected to decline by 4% during the 2025–2029 period due to a decrease in the proportion of international goods output. Since international goods have a longer storage time than domestic goods, the service unit price for this category is estimated to be 5–6 times higher than that of domestic goods.
- **Scenario 2:** The additional concession fee is 4.5% of the revenue, as mentioned above.

Figure 8: Gross profit and gross margin of SCS according to Scenario 1



Source: SCS, RongViet Securities

Figure 9: Gross profit and gross margin of SCS according to Scenario 2

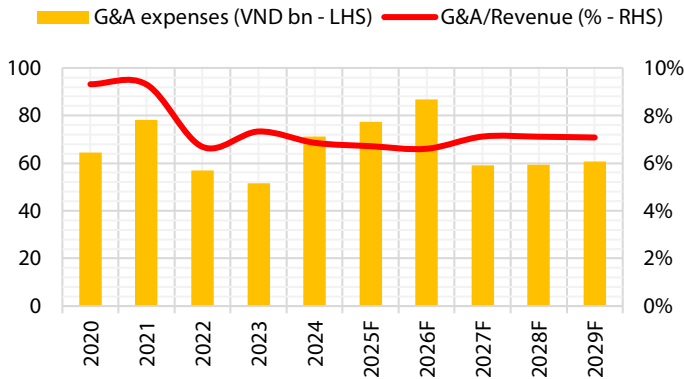


Source: SCS, RongViet Securities

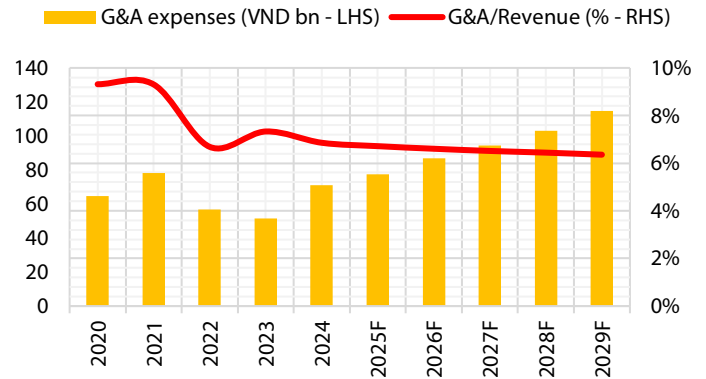
General, and administrative expenses (G&A): SCS effectively manages its costs. Unlike other companies worldwide, SCS incurs no sales expenses due to the following reasons:

- SCS and TCS hold an exclusive market position in the Southern region, eliminating the need for marketing expenses or agency commissions.
- SCS optimizes human resources by not hiring sales staff; instead, these responsibilities are handled directly by the BOD.

During the forecast period, we assume that SCS will maintain its administrative expense ratio at 6.5%–7.0% of net revenue. Before its listing in 2017, G&A expenses accounted for 16.2% of revenue. In the following years, this rate averaged 9.5% from 2018 to 2021 and declined to 7.0% over the past three years. SCS follows a low-salary policy for employees but compensates key personnel through a ESOP policy, granting 0.5%–1% of the outstanding number.

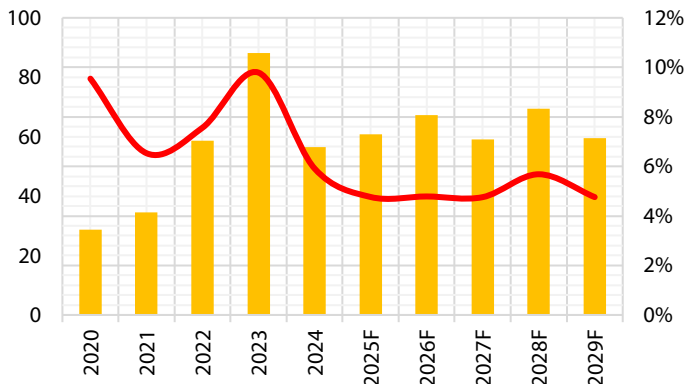
Figure 10: G&A expenses according to Scenario 1


Source: SCS, RongViet Securities

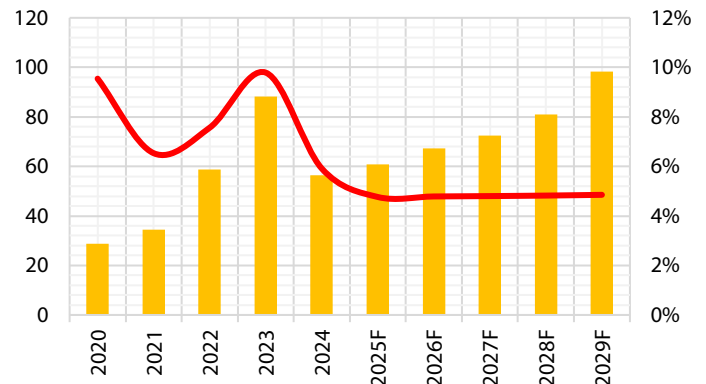
Figure 11: G&A expenses according to Scenario 2


Source: SCS, RongViet Securities

Investment capital activities: We note that a significant portion of SCS's NPAT comes from financial income. Thanks to its abundant cash, SCS invests in short-term deposits of less than one year, with an average interest rate of 5%–6%. Over the past five years, financial income has contributed 9% to SCS's NPAT. We expect this activity to contribute approximately 8%–10% to NPAT in the 2025–2029 period.

Figure 12: SCS's financial income according to Scenario 1


Source: SCS, RongViet Securities

Figure 13: SCS's financial income according to Scenario 2


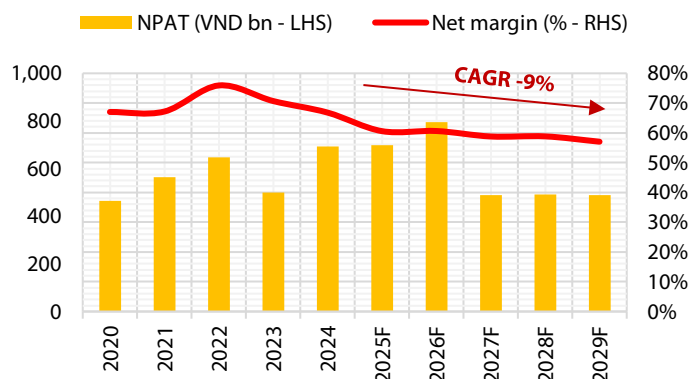
Source: SCS, RongViet Securities

Net profit margin: In 2025, SCS's corporate income tax (CIT) rate will increase to 20% following the expiration of its tax incentive period. Specifically, under Decree 218/2013/ND-CP, which regulates the Law on CIT, SCS was established to invest in the construction of a freight terminal at TSN. **As a new and sole investment project**, SCS was eligible for a preferential tax rate of 10% for 15 years starting in 2010, along with a full tax exemption from 2010 to 2013 and a 50% reduction in payable tax for nine years from 2014.

If SCS participates in the Cargo Terminal 1 project at LTIA, it will act as an operational management unit rather than a sole investor. Since this will be SCS's second project, we believe that SCS will not be eligible for the same preferential CIT rates as before.

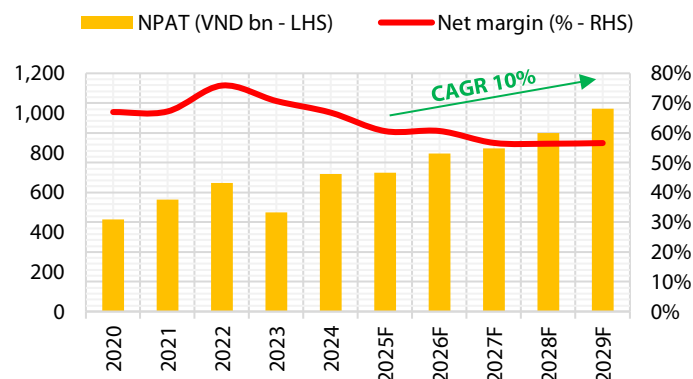
For 2025, we forecast NPAT to reach VND 698 billion (+1% YoY) with a net margin of 61% (-6 pps YoY). Under the two scenarios, NPAT is expected to grow at CAGR of -9% and +10% YoY, respectively, during the forecast period.

Figure 14: NPAT and net margin according to Scenario 1



Source: SCS, RongViet Securities

Figure 15: NPAT and net margin according to Scenario 2

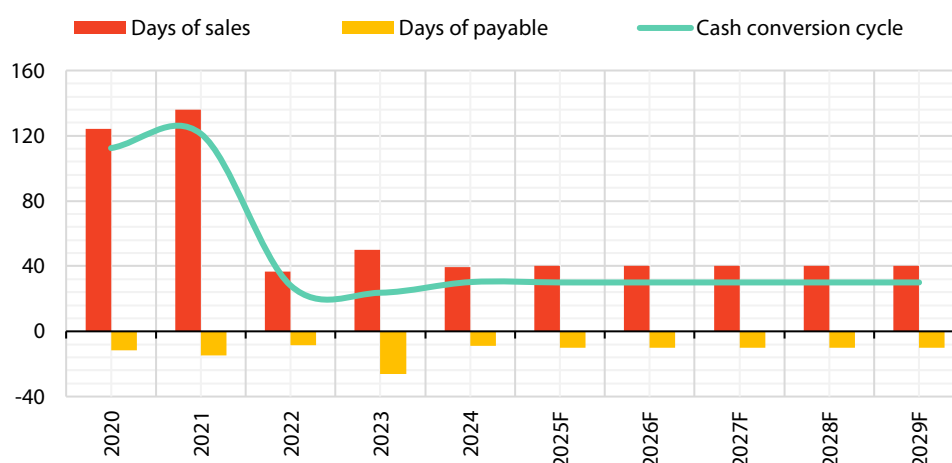


Source: SCS, RongViet Securities

Key asset highlights

Working capital: Unlike manufacturing companies, SCS operates in the service sector, so it does not have a significant need for working capital to maintain inventory. The accounts receivable and payable periods have been well and consistently managed by SCS since its inception (except during the COVID-19 pandemic), remaining at 40 days and 10 days, respectively. Therefore, we assume these indicators will remain unchanged during the forecast period.

Figure 16: Forecast of efficiency ratios (days)

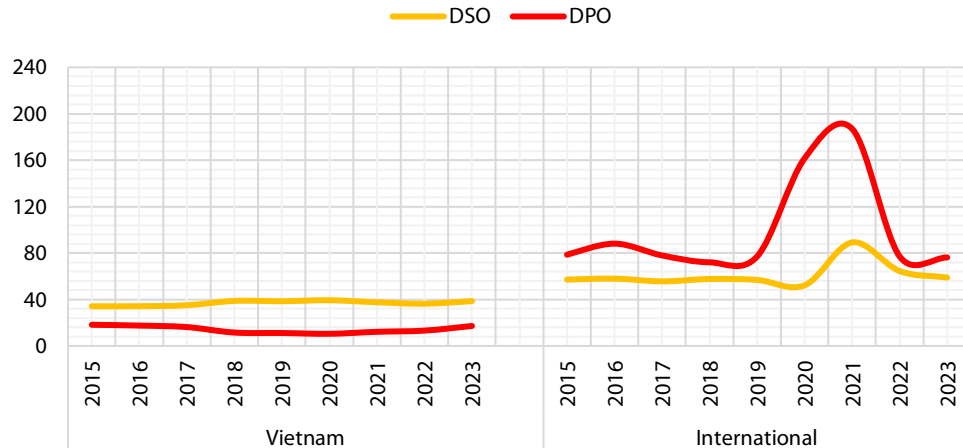


Source: SCS, RongViet Securities

Compared to international companies, SCS could increase value by misappropriation of supplier:

- Companies operating in the cargo terminal sector have strong negotiating power with customers and suppliers due to the low-competition environment. However, Vietnamese companies like SCS, NCT, and ALS tend to pay suppliers early while collecting payments more slowly from airlines.
- In contrast, international companies generally have more flexible receivables policies but make full use of supplier capital. Their median payable days are typically 1.5 times higher than their median receivable days (Figure 17).

Figure 17: Median number of days receivable/payable by Vietnamese and international companies



Source: Fiinx, Bloomberg, RongViet Securities

Fixed asset investment: SCS's terminal was initially developed with a total investment of USD 50 million. Before 2022, the Company spent an average of VND 4.5 billion annually on machinery system maintenance. Between 2022 and 2024, SCS plans to invest VND 78 billion in machinery systems (including forklifts and ETV lifting/unloading systems) to increase terminal capacity from 200,000 tons/year to 350,000 tons/year, thereby completing the two-phase terminal expansion at TSN.

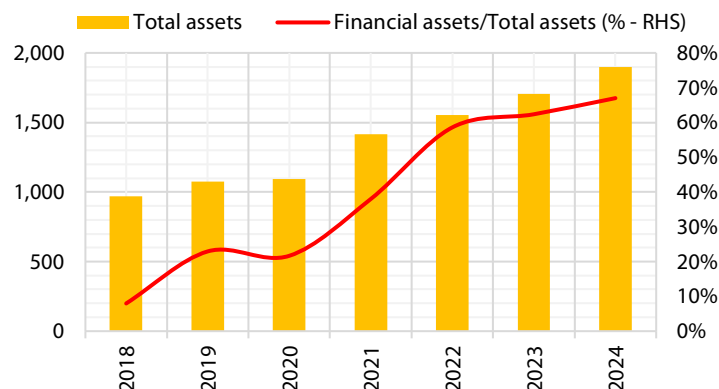
During the forecast period, we estimate an annual capital expenditure (CAPEX) of VND 5 billion, as the Company does not have any major investment plans:

- Terminal 1 at LTIA is invested by ACV to build and install all machinery and equipment.
- We have not reflected the investment cost for the construction of SCSC Office Building – 2 because there is no construction approval on the land of the Ministry of National Defense.

Healthy capital structure: SCS holds abundant cash and short-term financial assets, which account for 67% of total assets. The Company's capital structure consists entirely of equity, with no debt financing, as it does not require working capital.

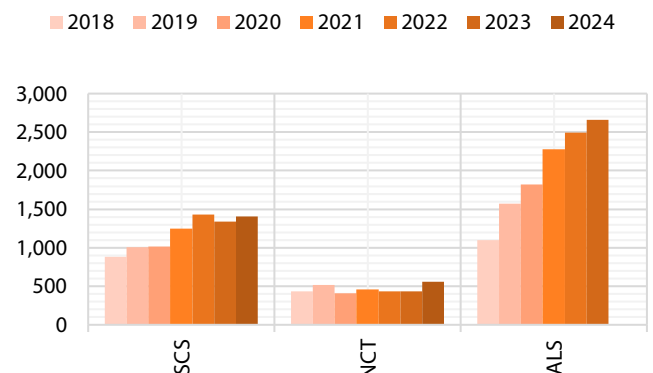
The scale of equity is in the top group of enterprises operating freight terminals in Vietnam, ensuring the criteria for capital to participate in bidding projects. In 2024, SCS's equity is projected to reach VND 1,021 billion. Compared to other public companies in the same industry in Vietnam, SCS ranks second in terms of equity, behind ALS. This is primarily due to SCS's higher dividend payout ratio compared to ALS. In 2023, SCS's dividend payout ratio was 75%, whereas ALS's was 40%.

Figure 18: SCS owns abundant cash and short-term investments



Source: SCS, RongViet Securities

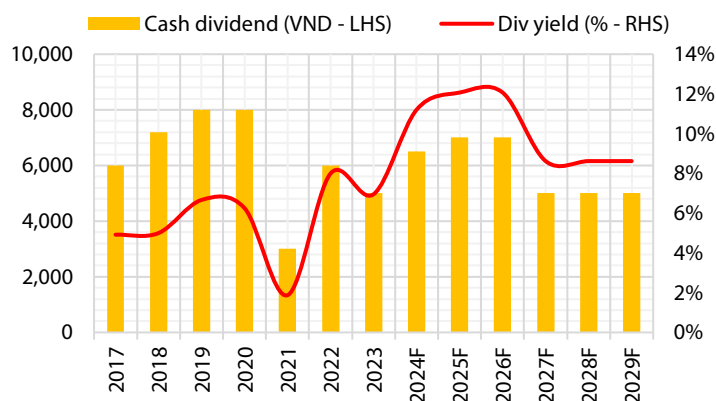
Figure 19: SCS's equity ranks 2nd among Vietnam's public companies



Source: Fiinx, RongViet Securities

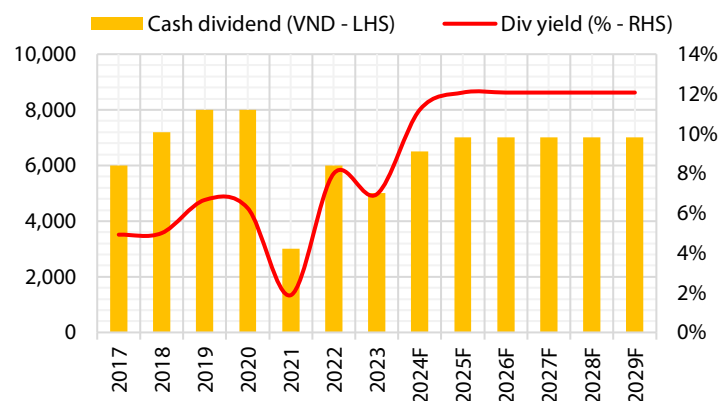
Cash dividend policy: SCS maintains an attractive cash dividend policy, ranging from VND 5,000 to 8,000 per share, with an annual yield of 5–6% (30% in 2021 due to the impact of COVID-19). Given the low demand for fixed asset investments in the short term and its abundant cash reserves, SCS is expected to continue maintaining a cash dividend of approximately VND 7,000 per share, corresponding to a dividend yield of 12% (based on the closing price of 58,000 VND on April 17th, 2025). This yield is significantly higher than the one-year term deposit interest rate at Vietcombank (4.6% per year). As a result, SCS is well-suited for dividend-focused investment strategies.

Figure 20: The potential dividend ratio decreases slightly in Scenario 1 due to the need to maintain positive retained earnings for future dividend payments



Source: SCS, RongViet Securities

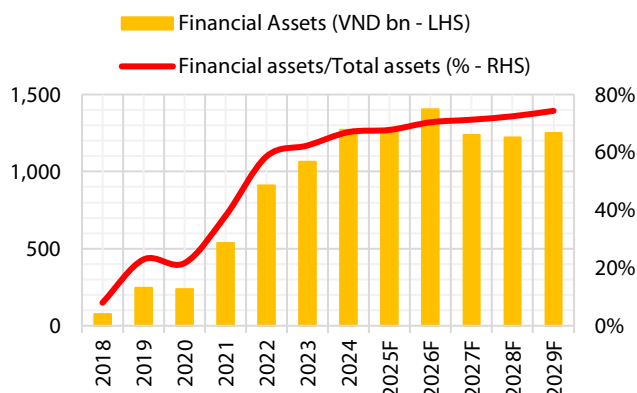
Figure 21: Under Scenario 2, SCS plans to increase the annual cash dividend to VND 7,000 per share



Source: SCS, RongViet Securities

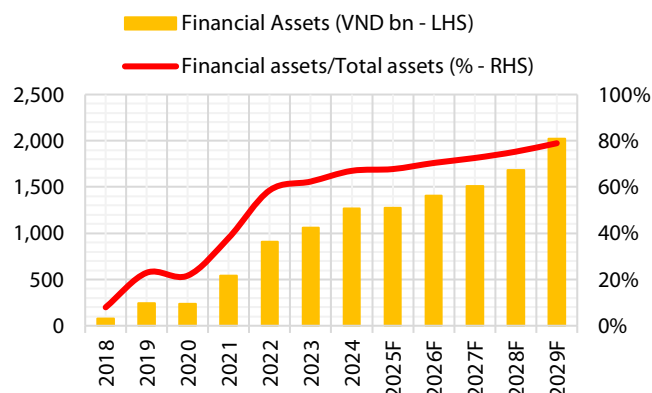
In both scenarios, SCS demonstrates strong financial health. Its financial assets, including cash reserves and abundant short-term financial investments (Figures 22 & 23), have consistently remained above VND 800 billion, accounting for over 65% of total assets. This indicates that SCS can maintain a high dividend payout while ensuring sufficient financial capacity to participate in or invest in phases 2 and 3 of the LTIA terminal project in the future.

Figure 22: Ratio of cash and short-term financial investment according to scenario 1



Source: SCS, RongViet Securities

Figure 23: Cash ratio and short-term financial investment according to scenario 2



Source: SCS, RongViet Securities

SCENARIO 1 – SCS IS NOT SELECTED TO OPERATE AT LTIA
Table 5: Income statement

INCOME STATEMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Revenue	839	851	705	1,037	1,153	1,313	830	836	856
COGS	187	153	170	236	259	294	217	229	242
Gross profit	652	698	535	801	894	1,019	613	608	614
SG&A expenses	78	57	52	71	77	87	59	59	61
Other cash expenses	1	0	1	1	1	1	1	1	1
EBITDA	628	685	526	773	855	971	593	588	593
Non-Operating expenses	2	3	2	3	3	4	2	2	2
Gain (loss) on asset sales	0	0	0	1	1	1	1	1	1
Interest income	35	59	88	57	61	67	59	70	59
Interest expenses	-	-	-	-	-	-	-	-	-
Earning before taxes (EBT)	605	697	569	783	873	995	610	615	610
Provision for taxes	42	50	70	90	175	199	122	123	122
Equity earnings in affiliates	-	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	-
Net income	564	646	498	693	698	796	488	492	488
Net margin	67.2	75.9	70.7	66.8	60.6	60.6	58.8	57.8	57.0
EPS (VND per share)	10,329	6,401	4,963	6,863	4,405	4,349	4,833	4,405	4,349

Source: SCS, RongViet Securities

Table 6: Balance sheet statement

BALANCE SHEET	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
ASSETS									
Operating cash	58	51	163	317	321	450	286	315	341
Short-term investments	480	860	899	954	954	954	954	900	900
Account receivable (AR)	312	85	96	111	126	144	91	92	94
Inventory	-	-	-	-	-	-	-	-	-
Other current assets	1	4	4	6	6	7	5	5	5
Current assets	851	1,000	1,163	1,388	1,408	1,555	1,335	1,312	1,340
Net PPE	499	491	477	446	411	376	341	305	270
Investment in affiliates	-	-	-	-	-	-	-	-	-
Intangibles	1	1	0	0	0	-	-	-	-
Long-term assets	65	64	64	63	63	63	63	63	63
Non-current assets	564	555	540	509	474	439	404	368	333
Total assets	1,416	1,556	1,703	1,898	1,882	1,994	1,739	1,680	1,672
LIABILITIES									
Short-term notes	-	-	-	-	-	-	-	-	-
Account payable	8	4	12	6	7	8	6	6	7
Other current liabilities	157	114	346	478	461	526	333	335	343
Current liabilities	164	118	358	484	469	534	339	341	349
Non-current liabilities	2	4	6	8	7	9	6	6	6
Total liabilities	166	122	364	492	475	542	344	347	355
MINORITY INTEREST									
Minority interest	-	-	-	-	-	-	-	-	-
SHARE HOLDER'S EQUITY									
Preferred stock	72	72	72	72	72	72	72	72	72
Common stock	507	939	944	949	949	949	949	949	949
Retained earnings	618	423	315	370	372	416	359	298	282
Other equity accounts	52	-	8	15	15	15	15	15	15
Shareholder's equity	1,249	1,434	1,339	1,406	1,407	1,451	1,395	1,333	1,317
Total Equity	1,416	1,556	1,703	1,898	1,882	1,994	1,739	1,680	1,672

Source: SCS, RongViet Securities

Table 7: Cash flows statement

CASH FLOW STATEMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Net income	564	646	498	693	698	796	488	484	488
Add back:									
Depreciation	54	44	44	45	40	40	40	40	41
Amortization	1	0	0	0	0	0	0	0	0
(Gain) loss on asset sales	0	0	0	1	1	1	1	1	1
Equity earnings in affiliates	-	-	-	-	-	-	-	-	-
Minority interest in earnings	-	-	-	-	-	-	-	-	-
Others									
Operating cash flow	619	691	543	738	739	837	529	525	529
(Incr) decr in Operating cash	(22)	7	(112)	(154)	257	-	-	-	-
(Incr) decr in Account receivable	(77)	227	(11)	(15)	(15)	(18)	53	(1)	(2)
(Incr) decr in Inventory	-	-	-	-	-	-	-	-	-
(Incr) decr in Other current assets	8	(3)	(0)	(1)	(1)	(1)	3	(0)	(0)
Incr (decr) in Account payable	3	(4)	9	(6)	1	1	(2)	0	0
Incr (decr) in Other current liabilities	88	(43)	232	132	(17)	64	(193)	2	8
(Incr) decr in Operating working capital	0	184	118	(45)	(31)	47	(140)	2	6
Extraordinary expense	-	-	-	-	-	-	-	-	-
(Incr) decr in Long-term assets	2	1	0	1	-	-	-	-	-
Incr (decr) in Long-term liabilities	(3)	3	1	2	(1)	2	(3)	(0)	(0)
Cash from operations	619	878	662	695	707	885	387	527	535
Capex	(6)	(37)	(22)	(19)	(5)	(5)	(5)	(5)	(5)
Proceed from sale of assets	0	0	0	1	1	1	1	1	1
(Incr) decr in ST investments	(279)	(380)	(39)	(55)	-	-	-	54	-
Other (incr) decr in investment in affiliates	-	-	-	-	-	-	-	-	-
Cash from Investments	(285)	(417)	(61)	(73)	(4)	(4)	(4)	50	(4)
Incr (decr) in Short-term notes	-	-	-	-	-	-	-	-	-
Incr (decr) in Long-term debt	-	-	-	-	-	-	-	-	-
Other incr (decr) in minority interest	-	-	-	-	-	-	-	-	-
Preferred dividends	35	35	36	38	39	40	41	42	-
Common dividends	(271)	(439)	(367)	(515)	(617)	(664)	(474)	(474)	(474)
Incr (decr) in preferred stock	-	-	-	-	-	-	-	-	-
Incr (decr) in common stock	-	431	5	5	-	-	-	-	-
Other incr (decr) in other equity accounts	(0)	(52)	8	7	-	-	-	-	-
Cash from financing	(237)	(24)	(317)	(465)	(578)	(625)	(434)	(432)	(474)
Net Cash Flow	97	437	284	158	124	256	(51)	144	56

Source: SCS, RongViet Securities

SCENARIO 2 – SCS IS SELECTED TO BE EXPLOITED AT LTIA
Table 8: Income statement

INCOME STATEMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Revenue	839	851	705	1,037	1,153	1,313	1,450	1,597	1,804
COGS	187	153	170	236	259	294	396	444	505
Gross profit	652	698	535	801	894	1,019	1,054	1,152	1,299
SG&A expenses	78	57	52	71	77	87	94	103	115
Other cash expenses	1	0	1	1	1	1	2	2	2
EBITDA	628	685	526	773	855	971	998	1,088	1,223
Non-Operating expenses	2	3	2	3	3	4	4	4	5
Gain (loss) on asset sales	0	0	0	1	1	1	1	1	1
Interest income	35	59	88	57	61	67	72	81	98
Interest expenses	-	-	-	-	-	-	-	-	-
Earning before taxes (EBT)	605	697	569	783	875	1,000	1,034	1,136	1,290
Provision for taxes	42	50	70	90	175	200	207	227	258
Equity earnings in affiliates	-	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	-
Net income	564	646	498	693	698	796	821	900	1,021
Net margin	67,2	75,9	70,7	66,8	60,6	60,6	56,6	56,4	56,6
EPS (VND per share)	10,329	6,401	4,963	6,863	6,512	7,467	7,271	7,997	9,574

Source: SCS, RongViet Securities

Table 9: Balance sheet statement

BALANCE SHEET	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
ASSETS									
Operating cash	58	51	163	317	321	450	554	728	1,069
Short-term investments	480	860	899	954	954	954	954	954	954
Account receivable (AR)	312	85	96	111	126	144	159	175	198
Inventory	-	-	-	-	-	-	-	-	-
Other current assets	1	4	4	6	6	7	8	9	10
Current assets	851	1,000	1,163	1,388	1,408	1,555	1,675	1,865	2,231
Net PPE	499	491	477	446	411	376	341	305	270
Investment in affiliates	-	-	-	-	-	-	-	-	-
Intangibles	1	1	0	0	0	-	-	-	-
Long-term assets	65	64	64	63	63	63	63	63	63
Non-current assets	564	555	540	509	474	439	404	368	333
Total assets	1,416	1,556	1,703	1,898	1,882	1,994	2,079	2,234	2,564
LIABILITIES									
Short-term notes	-	-	-	-	-	-	-	-	-
Account payable	8	4	12	6	7	8	11	12	14
Other current liabilities	157	114	346	478	461	526	580	639	722
Current liabilities	164	118	358	484	469	534	591	651	736
Non-current liabilities	2	4	6	8	7	9	10	11	12
Total liabilities	166	122	364	492	475	542	601	662	748
MINORITY INTEREST									
Minority interest	-	-	-	-	-	-	-	-	-
SHARE HOLDER'S EQUITY									
Preferred stock	72	72	72	72	72	72	72	72	72
Common stock	507	939	944	949	949	949	949	949	949
Retained earnings	618	423	315	370	372	416	442	536	780
Other equity accounts	52	-	8	15	15	15	15	15	15
Shareholder's equity	1,249	1,434	1,339	1,406	1,407	1,451	1,477	1,572	1,816
Total Equity	1,416	1,556	1,703	1,898	1,882	1,994	2,079	2,234	2,564

Source: SCS, RongViet Securities

Table 10: Cash flows statement

CASH FLOW STATEMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Net income	564	646	498	693	698	796	821	900	1,021
Add back:									
Depreciation	54	44	44	45	40	40	40	40	41
Amortization	1	0	0	0	0	0	0	0	0
(Gain) loss on asset sales	0	0	0	1	1	1	1	1	1
Equity earnings in affiliates	-	-	-	-	-	-	-	-	-
Minority interest in earnings	-	-	-	-	-	-	-	-	-
Others									
Operating cash flow	619	691	543	738	739	837	862	941	1,062
(Incr) decr in Operating cash	(22)	7	(112)	(154)	257	-	-	-	-
(Incr) decr in Account receivable	(77)	227	(11)	(15)	(15)	(18)	(15)	(16)	(23)
(Incr) decr in Inventory	-	-	-	-	-	-	-	-	-
(Incr) decr in Other current assets	8	(3)	(0)	(1)	(1)	(1)	(1)	(1)	(1)
Incr (decr) in Account payable	3	(4)	9	(6)	1	1	3	1	2
Incr (decr) in Other current liabilities	88	(43)	232	132	(17)	64	55	59	83
(Incr) decr in Operating working capital	0	184	118	(45)	(31)	47	42	43	61
Extraordinary expense	-	-	-	-	-	-	-	-	-
(Incr) decr in Long-term assets	2	1	0	1	-	-	-	-	-
Incr (decr) in Long-term liabilities	(3)	3	1	2	(1)	2	1	1	1
Cash from operations	619	878	662	695	707	885	905	985	1,124
Capex	(6)	(37)	(22)	(19)	(5)	(5)	(5)	(5)	(5)
Proceed from sale of assets	0	0	0	1	1	1	1	1	1
(Incr) decr in ST investments	(279)	(380)	(39)	(55)	-	-	-	-	-
Other (incr) decr in investment in affiliates	-	-	-	-	-	-	-	-	-
Cash from Investments	(285)	(417)	(61)	(73)	(4)	(4)	(4)	(4)	(4)
Incr (decr) in Short-term notes	-	-	-	-	-	-	-	-	-
Incr (decr) in Long-term debt	-	-	-	-	-	-	-	-	-
Other incr (decr) in minority interest	-	-	-	-	-	-	-	-	-
Preferred dividends	35	35	36	38	39	40	82	87	51
Common dividends	(271)	(439)	(367)	(515)	(617)	(664)	(664)	(664)	(664)
Incr (decr) in preferred stock	-	-	-	-	-	-	-	-	-
Incr (decr) in common stock	-	431	5	5	-	-	-	-	-
Other incr (decr) in other equity accounts	(0)	(52)	8	7	-	-	-	-	-
Cash from financing	(237)	(24)	(317)	(465)	(578)	(625)	(582)	(577)	(613)
Net Cash Flow	97	437	284	158	124	256	319	403	506

Source: SCS, RongViet Securities

APPENDIX 1 – FINANCIAL ANALYSIS AND FORECAST FOR 2025 – 2029

Table 11: Forecast revenue by segments (VND bn) ([Back to Table of Contents](#))

REVENUE (VND Bn)	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Cargo Terminal									
Scenario 1	790	798	646	970	1,084	1,243	758	763	780
YoY growth	22%	1%	-19%	50%	12%	15%	-39%	1%	2%
Weighted	94%	94%	92%	94%	94%	95%	91%	91%	91%
Scenario 2	790	798	646	970	1,084	1,243	1,378	1,523	1,729
YoY growth	22%	1%	-19%	50%	12%	15%	11%	11%	14%
Weighted	94%	94%	92%	94%	94%	95%	95%	95%	96%
Office leasing	46	51	53	60	62	63	65	67	68
YoY growth	1%	9%	5%	13%	3%	3%	3%	3%	3%
Weighted	6%	6%	8%	6%	5%	5%	4%	4%	4%
Other	3	2	6	7	7	7	7	7	7
YoY growth	9%	-4%	121%	27%	0%	0%	0%	0%	0%
Weighted	0%	0%	1%	1%	0%	0%	0%	0%	0%
Total									
Scenario 1	839	851	705	1,037	1,153	1,313	830	836	856
YoY growth	21%	1%	-17%	47%	11%	14%	-37%	1%	2%
Scenario 2	839	851	705	1,037	1,153	1,313	1,450	1,597	1,804
YoY growth	21%	1%	-17%	47%	11%	14%	10%	10%	13%

Source: SCS, RongViet Securities

Table 12: Profitability ratios

UNIT: VND Bn	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Gross Profit									
Scenario 1	652	698	535	801	894	1,019	613	608	614
Gross profit margin	77.7%	82.0%	75.9%	77.2%	77.5%	77.6%	73.8%	72.7%	71.8%
YoY growth	21%	7%	-23%	50%	12%	14%	-40%	-1%	1%
Scenario 2	652	698	535	801	894	1,019	1,054	1,152	1,299
Gross profit margin	77.7%	82.0%	75.9%	77.2%	77.5%	77.6%	72.7%	72.2%	72.0%
YoY growth	21%	7%	-23%	50%	12%	14%	3%	9%	13%
G&A expenses									
Scenario 1	78	57	52	71	77	87	59	59	61
G&A Expenses/Net Revenue	9.3%	6.7%	7.3%	6.9%	6.7%	6.6%	7.1%	7.1%	7.1%
YoY growth	21%	-27%	-9%	38%	9%	12%	-32%	1%	2%
Scenario 2	78	57	52	71	77	87	94	103	115
G&A Expenses/Net Revenue	9.3%	6.7%	7.3%	6.9%	6.7%	6.6%	6.5%	6.4%	6.4%
YoY growth	21%	-27%	-9%	38%	9%	12%	9%	9%	11%
EBIT									
Scenario 1	573	641	482	729	815	931	553	547	553
EBIT Margin	68.2%	75.3%	68.4%	70.3%	70.7%	70.9%	66.6%	65.4%	64.6%
YoY growth	21%	12%	-25%	51%	12%	14%	-41%	-1%	1%
Scenario 2	573	641	482	729	815	931	958	1,048	1,182
EBIT Margin	68.2%	75.3%	68.4%	70.3%	70.7%	70.9%	66.0%	65.6%	65.5%

YoY growth	21%	12%	-25%	51%	12%	14%	3%	9%	13%
NPAT									
Scenario 1	564	646	498	693	698	796	488	484	488
Net margin	67.2%	75.9%	70.7%	66.8%	60.6%	60.6%	58.8%	57.8%	57.0%
YoY growth	21%	15%	-23%	39%	11%	14%	-37%	1%	2%
Scenario 2	564	646	498	693	700	800	827	908	1,032
Net margin	67.2%	75.9%	70.7%	66.8%	60.7%	60.9%	57.0%	56.9%	57.2%
YoY growth	21%	15%	-23%	39%	1%	14%	3%	10%	14%

Source: SCS, RongViet Securities

Table 13: Efficiency ratios

WORKING CAPITAL	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Days AR on hands	135.9	36.6	49.8	39.2	40.0	40.0	40.0	40.0	40.0
Day Inventory on hands	-	-	-	-	-	-	-	-	-
Day AP	14.6	8.5	26.1	9.0	10.0	10.0	10.0	10.0	10.0

Source: SCS, RongViet Securities

Table 14: Cash dividend

	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Cash dividend (VND/share)	3,000	6,000	5,000	6,500	7,000	7,000	7,000	7,000	7,000
Dividend payout ratio	48.1%	67.9%	73.6%	74.3%	88.1%	83.0%	80.3%	73.1%	64.4%
Dividend yield	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%

Source: SCS, RongViet Securities

APPENDIX 2 - VALUE CHAIN ANALYSIS ([Back to Table of Contents](#))

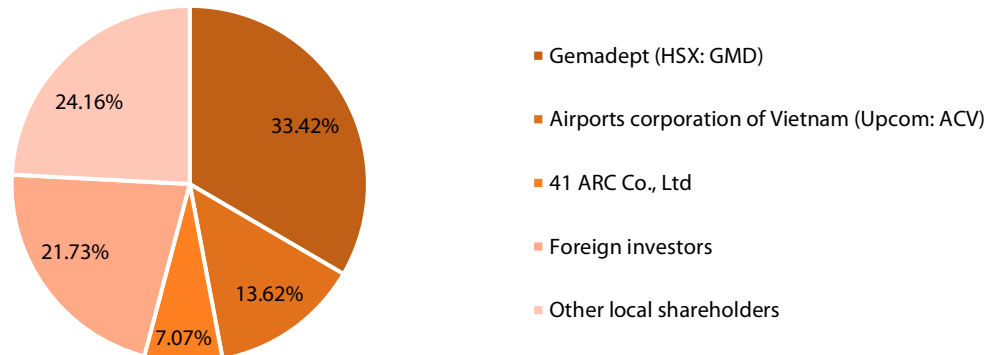
Company Overview

Saigon Cargo Services Joint Stock Company (HSX: SCS) was established in 2008 to invest in the construction and development of an air cargo terminal at Tan Son Nhat Airport, built to international standards. The cargo terminal project at Tan Son Nhat International Airport was initiated in June 2009 and completed in August 2010. The freight terminal officially began operations in early 2012, after over a year of trials and acceptance.

SCS's shareholder structure is relatively concentrated, with three organizations—Gemadept Corporation (HSX: GMD), Airports Corporation of Vietnam (Upcom: ACV), and 41 Aircraft Repair Co., Ltd. 41 (A41) serving as the founding shareholders of SCS.

- **Gemadept Corporation (HSX: GMD):** Owns 33.42% of shares in SCS. Founded in 1990, GMD primarily operates in the fields of seaports and logistics. GMD holds a strong position in the seaport industry, owning and operating a port system that spans from North to South, with various types of ports, including inland ports (ICDs), river ports, and deep-water ports.
- **Airports Corporation of Vietnam (Upcom: ACV):** Owns 13.62% of shares in SCS. ACV is a state-owned enterprise with a monopoly position, managing 22 airports in Vietnam, including 7 international airports and 15 domestic airports.
- **41 Aircraft Repair Company Limited (A41):** Owns 7.07% of shares in SCS. A41 is a subsidiary of the Air Defense Corps. Every year, SCS must pay profits to A41 during specific periods until 2057, regardless of business results, because A41 owns 7% of the non-voting preferred stock. ([Back to Production Cost Structure](#))

Figure 24: Shareholder structure

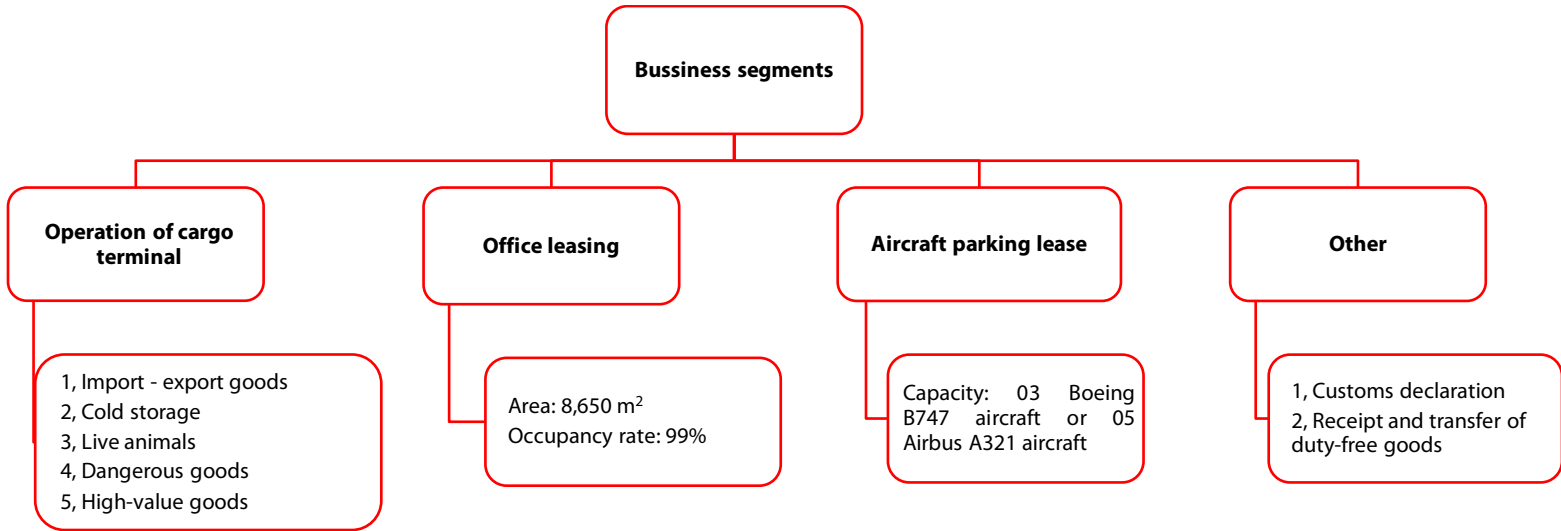


Source: Fiinx, RongViet Securities

Core operation ([Back to Table of Contents](#))

SCS provides three main services (Figure 25), including cargo terminal services, office leasing, and airport parking leasing. In addition, SCS offers other supplementary services such as customs declaration, duty-free delivery, and in-flight food services for Vietjet customers.

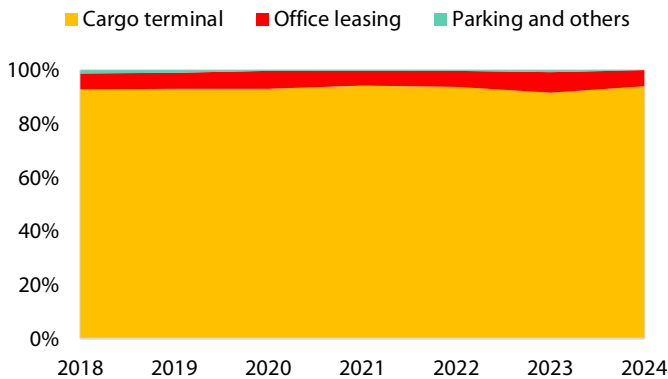
Figure 25: SCS's business



Source: SCS, RongViet Securities

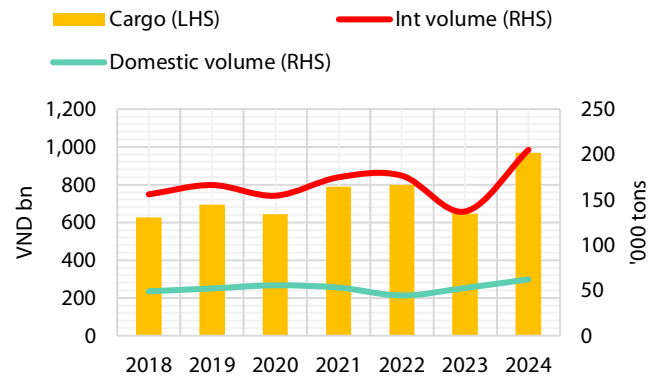
We will focus on analyzing the most important area of SCS, which is cargo terminal operation, as **this sector has consistently contributed over 90% of revenue from 2016 to the present** (Figure 26). Specifically, revenue from terminal operations depends on the output of international goods, as these typically have a longer storage time compared to domestic goods (Figure 27).

Figure 26: Revenue by segments



Source: SCS, RongViet Securities

Figure 27: Correlation between terminal revenue and international volume



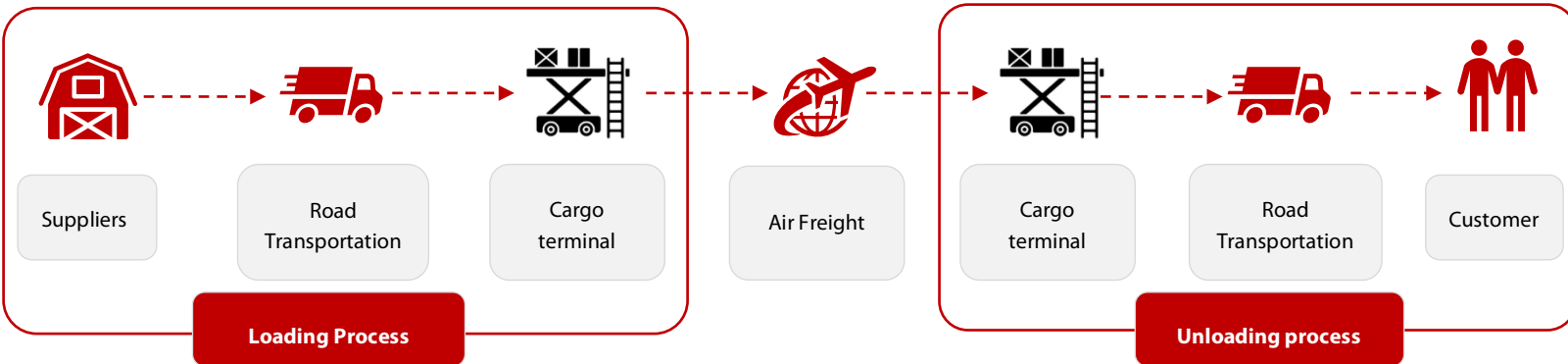
Source: SCS, RongViet Securities

The **cargo terminal at the airport** is a crucial part of the logistics supply chain, where fast and safe transportation is a top priority. While the loading and unloading sections are similar, the process is reversed. The operations for handling goods include:

- **Cargo receiving:** Goods are delivered to the terminal, the air waybill is checked, the goods are weighed, and it is ensured that they do not contain any prohibited substances.
- **Sorting and warehousing:** Goods are classified by destination and type (normal, perishable, high-value, dangerous) and stored in appropriate warehouses.
- **Packaging and security checks:** Goods are loaded onto pallets or containers (ULDs), passed through X-ray scanners, and, if imported, undergo customs inspection.

- **Final delivery:** For imports, after unloading from the plane, goods are delivered to the customer or truck, completing the process.

Figure 28: Value chain of the cargo terminal sector at the airport



Source: RongViet Securities

SCS's position compared to other companies in the country ([Back to Table of Contents](#))

The business environment has a low level of competition...

The air cargo terminal operation sector is primarily dominated by state-owned enterprises and does not compete with the FDI sector, which is backed by strong financial resources and modern technology, due to the very high barriers to entry. In Vietnam, five companies operate cargo terminals, mainly at two major airports: Tan Son Nhat and Noi Bai, due to their proximity to areas with strong trade and logistics development.

- **High initial investment capital:** Initial investment ranges from 500 to 1,000 billion VND for the construction of warehouses, conveyor systems, security equipment, lifting machinery, etc. Additionally, the trend toward automation, integration of advanced technology, and the requirement for international security and safety standards can increase the investment cost many times over the initial investment level.
- **Complex legal requirements:** Enterprises must meet strict regulations from the Civil Aviation Authority of Vietnam and international safety and security standards (ICAO) to be licensed to operate.
- **Geographical location priority:** Cargo terminals must be located in or near airports to reduce transport time between warehouses and aircraft. This is crucial for managing, loading, unloading, and handling goods quickly and efficiently.

Table 15: Companies operating cargo terminals in Vietnam

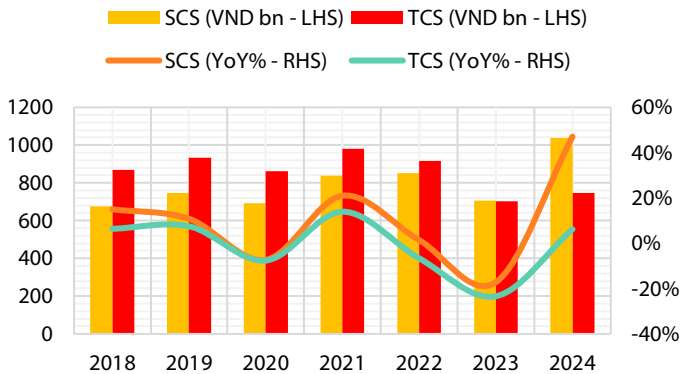
STT	Company	Abbreviations	Mining area	Condition
1	Saigon Goods Service Joint Stock Company	SCS	Tan Son Nhat	Listing
2	Tan Son Nhat Commodity Service Joint Stock Company	TCS	Tan Son Nhat	Unlisted
3	Noi Bai Goods Service Joint Stock Company	NCT	Noi Bai	Listing
4	Aviation Logistics Joint Stock Company	ALS	Noi Bai	Unlisted
5	Vietnam Air Cargo Services Joint Stock Company	ACSV	Noi Bai	Unlisted

Source: RongViet Securities

... SCS's market share is gradually catching up with TCS, implying that SCS's strong operational capacity has helped it attract shipping companies ([Back to page 5](#))

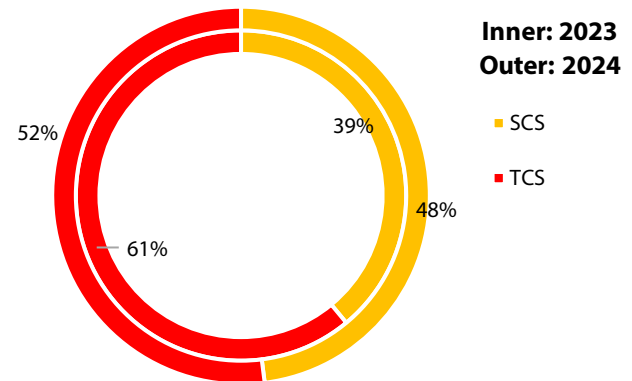
TCS and SCS are the two operators of the cargo terminal at TSN. In 2024, SCS's market share by international volume will reach 48% (+9 pps YoY), narrowing the gap with TCS. From 2018 to 2024, SCS's revenue will grow at a CAGR of 7%, while TCS's CAGR is forecast to be -2%. SCS's success is attributed to its good operational capacity, which has attracted more shipping units.

Figure 29: The scale of SCS's revenue has surpassed that of TCS



Source: SCS, HVN, RongViet Securities

Figure 30: Market share by international volume at TSN



Source: SCS, RongViet Securities

Carriers evaluate terminals based on a balance of key criteria: security, safety, service costs, and cargo handling efficiency. While no significant differences are found between SCS and TCS in terms of security and service costs, SCS is rated superior in cargo handling efficiency. SCS's cargo handling process is time-optimized due to its standardized processes designed by Lufthansa Group. SCS's terminal was built 13 years after TCS, incorporating more modern and automated cargo handling procedures.

- **The truck dock area is well-designed, saving time in receiving/returning goods:** The truck dock is elevated to match the height of the truck floor and uses a dock leveler that adjusts to suit the truck's height, allowing forklifts to move goods easily between the truck and warehouse. TCS currently only has a truck dock at AF1 import cargo terminal; there is no truck dock in the export goods receiving area

Figure 31: Delivery/pick-up vehicle gathering point at SCS warehouse



Source: SCS, RongViet Securities

Figure 32: The dock leveler is the bridge between the truck floor and the warehouse yard



Source: RongViet Securities

- **Automatic conveyor system:** For pre-packed trays and boxes, after customs declaration, SCS uses an automatic conveyor belt to transfer goods to the scanner. After completing security screening, the goods continue along the conveyor to the transfer gates for tractor transport to the aircraft parking lot. The average time for processing pre-packed trays and boxes is 15 minutes. TCS currently does not have this automatic conveyor system and forklifts are used for transport.

Figure 33: SCS Automated Conveyor System



Source: SCS, RongViet Securities

Figure 34: The X-Ray automatic scanner can handle goods with a height of 4.5m and a width of 3.2m in about 2 minutes



Source: RongViet Securities

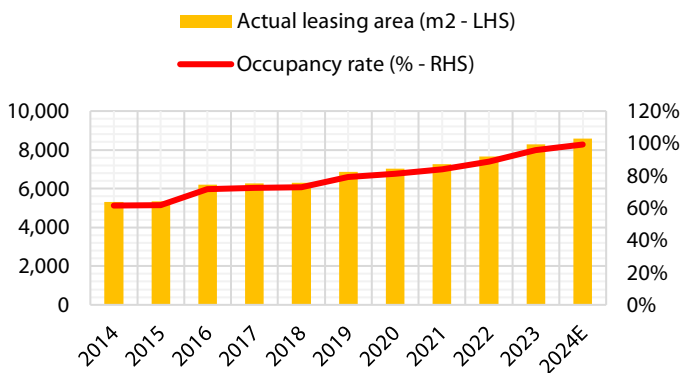
In 1994, Vietnam Airlines entered into a joint venture with SATS and Tan Son Nhat Airport Aviation Services Co., Ltd. (SASCO) to establish Tan Son Nhat Cargo Services Co., Ltd. (TCS). On January 1, 1997, cargo terminal No. 1 AFT1 began operations, officially providing cargo services at TSN.

Office leasing ([Back to page 6](#))

SCS's office building spans a total construction area of 8,650 m². The occupancy rate of the building has been increasing year by year, thanks to its prime location near Tan Son Nhat Airport, making it convenient for airlines and freight forwarding agents to lease office space. By 2024, it is estimated that the occupancy rate will reach 99%.

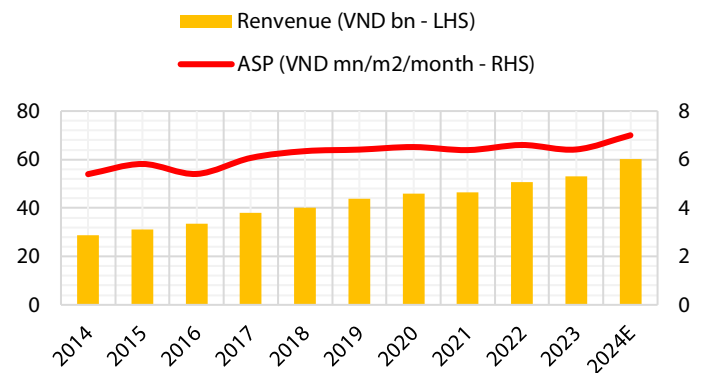
SCS owns 13,000 m² of vacant land owned by the Ministry of National Defense. SCS has received approval for the construction of the SCSC-2 office building and the Aviation catering production and distribution center on this land. Although SCS has submitted an application for a construction permit, it has not yet been approved by the Ministry of Defense. Therefore, we have not included the potential of these two investment projects in SCS's valuation.

Figure 35: Actual leasing area at the office building



Source: SCS, HVN, RongViet Securities

Figure 36: Office leasing revenue and average rental price of SCS building



Source: SCS, RongViet Securities

APPENDIX 3 – COMPARABLE COMPANIES IN THE AIR CARGO SECTOR ([Back to Table of Contents](#))

In this report, we use five freight terminal operators with similar business models to SCS for analysis and forecasting.

Noi Bai Cargo Services Joint Stock Company (NCT VN Equity): A subsidiary of Vietnam Airlines, providing air cargo services at Noi Bai International Airport with more than 20 years of history, serving 33 international and domestic airlines.

Aviation Logistics Joint Stock Company (ALS VN – VN OTC): Established in 2007, ALS offers a diverse logistics service ecosystem, including cargo handling at Noi Bai Airport with a capacity of 350,000 tons and warehousing services with a total warehouse area of up to 1,000,000 m².

Agility Public Warehousing (AGLTYY KK Equity): A global logistics company headquartered in Kuwait, primarily engaged in logistics and services, including air cargo services through its subsidiary, Menzies Aviation.

SATS Ltd (SATS SP Equity): A Singapore-based company specializing in aviation and food services, with a global network serving more than 50% of global air cargo traffic.

Celebi Hava Servisi AS (CLEBI TI Equity): A Turkish company providing ground and cargo services at over 70 airports across six countries, experiencing rapid growth in its air cargo services segment.

Table 16: Valuation of freight terminal operators in the world

Indicator	2018	2019	2020	2021	2022	2023	Industry Average
Weighted	15%	15%	15%	15%	20%	20%	
Days receivable							
Average	49.4	49.9	99.4	75.0	47.9	47.5	60.1
Median	45.7	45.7	45.7	46.2	45.7	45.6	45.8
Days of Inventory							
Average	9.4	9.7	21.9	35.3	34.2	26.8	23.6
Median	4.7	4.2	5.7	6.4	7.8	8.1	6.3
Days payable							
Average	49.4	49.9	99.4	75.0	47.9	47.5	60.1
Median	55.1	53.0	49.3	45.6	39.9	44.3	47.3
Gross margin (%)							
Average	40.1%	39.9%	43.4%	44.8%	46.3%	46.3%	43.7%
Median	39.7%	40.9%	47.3%	47.5%	47.3%	45.4%	44.9%
EBIT Margin (%)							
Average	22.4%	21.5%	20.8%	20.8%	21.4%	19.6%	21.0%
Median	18.0%	15.1%	14.4%	19.9%	25.7%	23.1%	19.9%
Net margin (%)							
Average	20.5%	22.0%	15.0%	56.0%	18.4%	16.1%	23.9%
Median	15.2%	13.6%	10.4%	30.1%	17.8%	15.3%	17.0%
EV/EBITDA							
Average	9.7x	10.1x	12.2x	15.5x	23.6x	16.5x	15.2x
Median	7.2x	8.5x	11.x	7.9x	10.1x	9.1x	9.0x
P/E							
Average	12.8x	15.x	20.x	25.1x	73.6x	10.5x	27.7x

Median	10.9x	14.3x	15.7x	9.1x	21.7x	13.3x	14.5x
P/B							
Average	3.4x	3.3x	5.3x	3.x	4.x	3.5x	3.7x
Median	3.8x	3.6x	3.7x	3.1x	4.2x	3.2x	3.6x
P/S							
Average	1.9x	2.x	2.9x	3.4x	3.1x	2.3x	2.6x
Median	1.8x	2.x	3.1x	3.5x	3.1x	1.9x	2.6x

Source: Fiinx, Bloomberg, RongViet Securities

APPENDIX 4 – AIR CARGO OUTLOOK ([Back to Table of Contents](#))

International cargo - Steady growth ([Back to page 5](#))

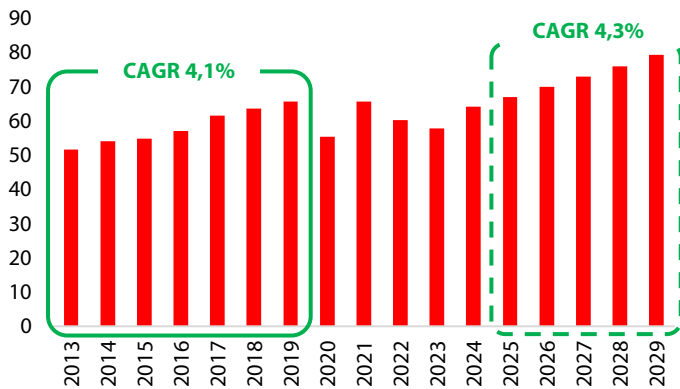
We forecast that the volume of goods passing through Vietnam will grow at a CAGR of 11% throughout the forecast period, reaching 1.8 million tons by 2029. The following factors contribute to this growth:

- **According to IATA, global cargo traffic is forecast to grow at a CAGR of 4.3% (Figure 37)**
 - The demand for air freight has surged following two consecutive years of sharp declines due to the pandemic, returning to its previous growth trajectory (Figure 38).

CTK – Cargo Tonne Kilometers: measures the amount of goods transported over the actual distance, reflecting demand for air cargo transportation.

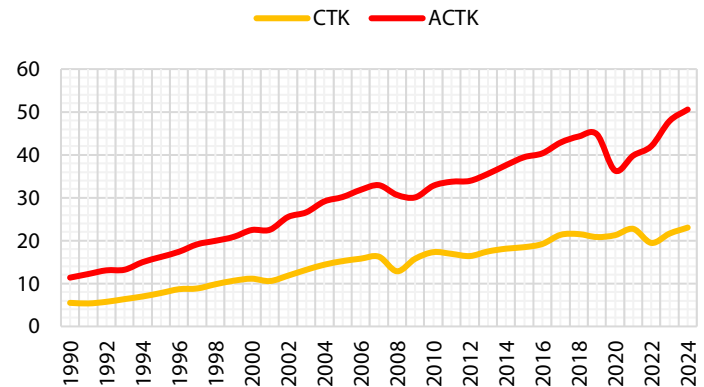
ACTK – Available Cargo Tonne Kilometers: measures an airline's cargo capacity, representing available supply.

Figure 37: International volume is forecast to return to a growth trajectory (million tons)



Source: Statista, IATA, RongViet Securities

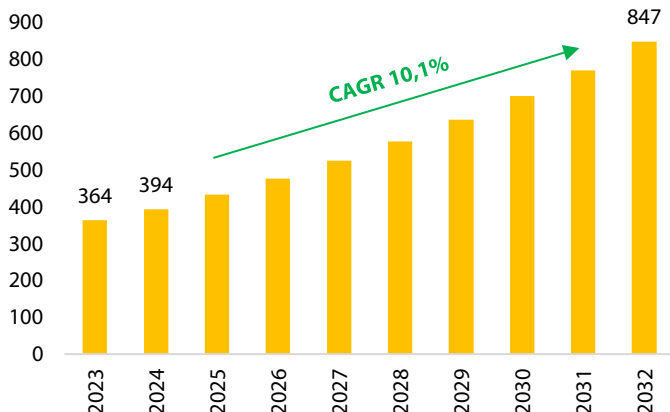
Figure 38: ACTK and CTK globally (seasonally adjusted) (billion USD)



Source: IATA, RongViet Securities

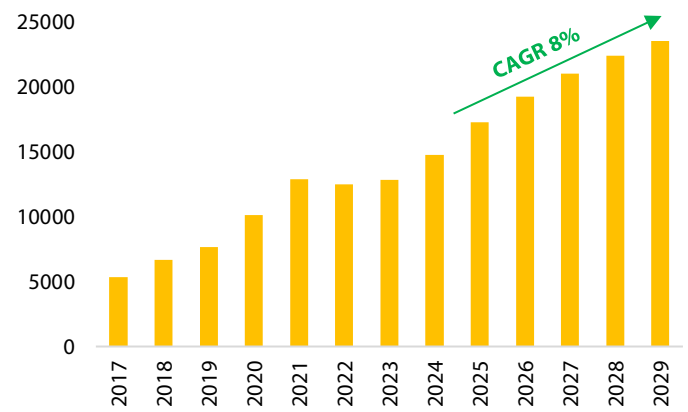
- According to Fortune Business Insights, trade in electronics, computers, and semiconductors has grown at a compound rate of 10.1%, driven by increased demand for artificial intelligence and renewable energy batteries (Figure 39). These goods are typically transported by air due to their high value, fragility, and short delivery times.
- According to Statista, the global e-commerce market size is forecast to grow at a CAGR of 8% from 2025 to 2029. Cross-border e-commerce has long been a growth driver for global air transport, with about 25% of e-commerce goods transported by air.

Figure 39: Electronic components market size (USD billion)



Source: Fortune Business Insights, RongViet Securities

Figure 40: The e-commerce market size (USD billion)



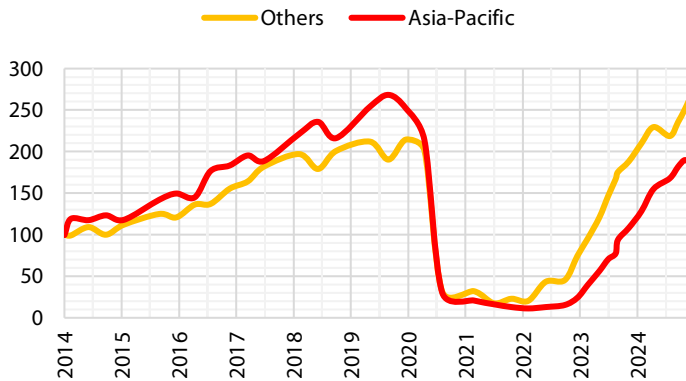
Source: Statista, RongViet Securities

- **Vietnam's level of connectivity to international markets is increasing**

- Vietnam has become an important manufacturing hub in the global supply chain due to low labor costs, making it suitable for labor-intensive industries, particularly in electronics, textiles and garments, agriculture, and fisheries.
- In the context of the trade war since 2018, Vietnam's favorable geographical location (at the center of Southeast Asia and adjacent to China, the world's largest manufacturing hub) has attracted many corporations such as Apple, Samsung, and Intel to shift production from China.
- Between 2014 and 2020 (before the COVID-19 pandemic), Vietnam's connectivity index (*) with the world grew at a CAGR of 11% (Figure 41), corresponding to the market share of goods passing through Vietnam expanding by an average of 12 basis points (bps) of global goods (Figure 42). By 2024, Vietnam has regained its growth momentum. Therefore, we forecast that the market share of goods passing through Vietnam will increase by 12 bps per year from 2025 to 2029.

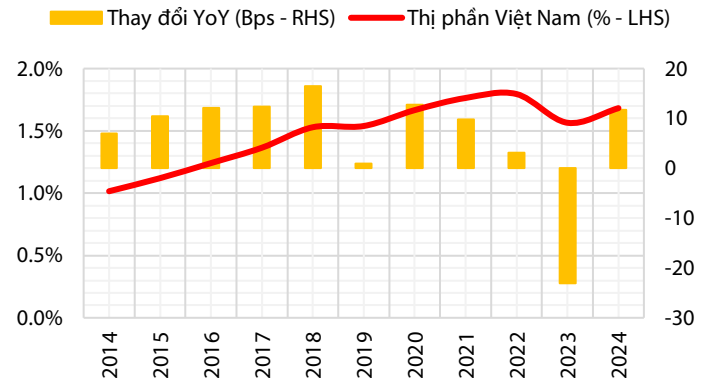
(*) The IATA International Air Connectivity Index is a tool that assesses how connected a country or city is to the global aviation network. This metric is measured based on the number of destinations an airport can connect to, the frequency of flights, and the number of seats available. This index reflects the level of convenience in the circulation of goods between countries, supports effective resource allocation, and helps airlines optimize economic benefits.

Figure 41: Index of Vietnam's connection to the world by air (2014 = 100)



Source: IATA, RongViet Securities

Figure 42: Changes in market share of goods volume through Vietnam by air



Source: ACV, Statista, RongViet Securities

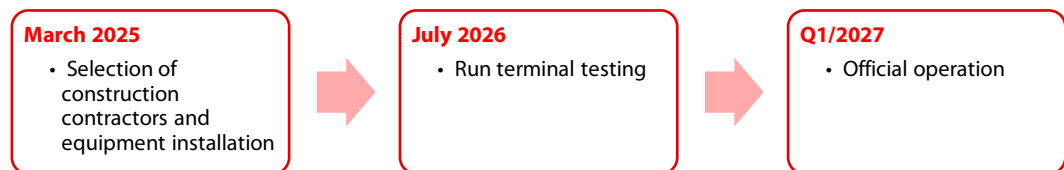
APPENDIX 5 – CARGO TERMINAL 1 AT LTIA IS AN IMPORTANT FACTOR TO MONITOR ([Back to Table of Contents](#))

Phase 1 of LTIA will feature two cargo terminals with a total design capacity of 1.2 million tons per year. SCS is interested in becoming the operator of Terminal No. 1. The details of Cargo Terminal No. 1 are as follows:

- **Investor:** Airports Corporation of Vietnam (Upcom: ACV).
- **Design capacity:** 600,000 tons/year.
- **Expected start:** Q1 – FY25.
- **Construction time:** 16 months.
- **Expected operation:** Q1-FY27.

According to SCS, during the testing phase, the company will prepare a capacity profile to submit to the Civil Aviation Authority of Vietnam in order to obtain the right to operate the terminal.

Figure 43: Roadmap for the implementation of Cargo Terminal No. 1



Source: SCS, RongViet Securities

Mode of Operation at LTIA (Exploitation Rights Fee)

During the operation of Terminal No. 1, the operator is obligated to pay the investor two items:

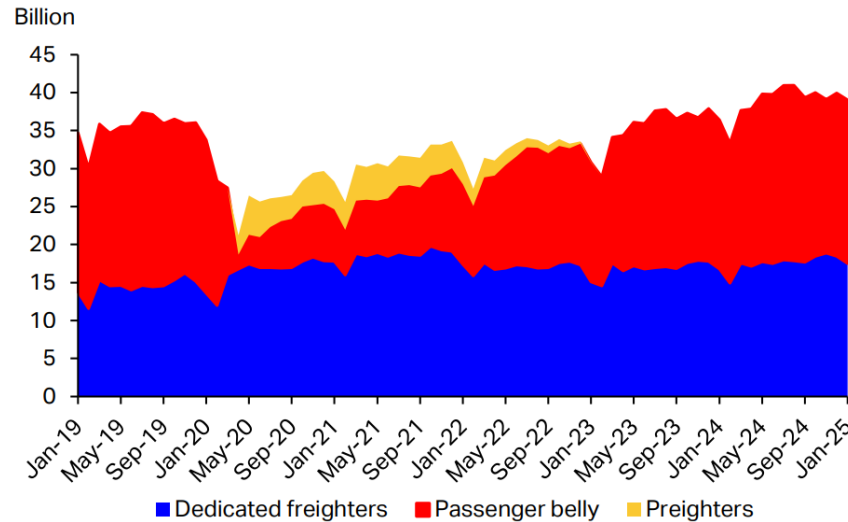
- **Concession fee:** According to Circular 12/2022/TT-BGTVT of the Ministry of Transport (now the Ministry of Construction), the exploitation franchise fee is regulated at 1.5% to 4.5% of revenue.
- **Profit sharing:** In addition to the franchise fee, the operator will pay a portion of the after-tax profit to the investor. The proposed plan can be based on a fixed rate or cost. For example, SCS is paying a fixed amount of 1.5 million USD to A41.

International Goods Will Be Shifted from TSN to LTIA ([Back to Revenue forecast](#))

Import and export activities will gradually shift from TSN to LTIA. We forecast that, when LTIA is officially put into operation, the total international cargo volume at TSN will decrease by about 40% in 2027.

- According to ACV's plan, 90% of LTIA's capacity will focus on operating international passenger flights, mainly transferred from TSN airport.
- According to IATA, about 54.8% of cargo production will be transported by passenger aircraft (aircraft belly) in 2024 (Figure 44). Therefore, the volume of cargo transported by passenger flights will shift from TSN to LTIA.

Figure 44: Value of international goods by type of aircraft (USD billion)



Source: IATA, RongViet Securities

Dedicated Freighters: These are specialized cargo aircraft, specifically designed or modified to transport cargo, without carrying passengers.

Passenger belly: This refers to the cargo compartment located in the belly of a passenger aircraft, where checked baggage and commercial cargo are stored. In commercial flights, airlines also take advantage of the empty space in the belly compartment to carry additional cargo alongside passengers.

Preighters: A combination of "passenger" and "freighter," this term refers to passenger aircraft that are temporarily used to transport goods. During the COVID-19 pandemic, the demand for freight increased, while the number of passenger flights dropped sharply, making the use of Preighters more common.

The introduction of LTIA will not disrupt international traffic at TSN. In the long term, LTIA will become the new international freight hub, but TSN will continue to play an important role, forming two transport zones in southern Vietnam based on the following factors:

- TSN cargo terminal is modernly equipped, meeting current needs with technology and processes that comply with international standards. Both TCS and SCS are capable of handling a variety of goods, such as high-value goods, perishables, and dangerous goods. TCS and SCS's cold storage have achieved IATA CEIV Pharma certification, ensuring high standards in the handling of pharmaceutical goods through advanced technology and strict monitoring procedures.
- The shift from TSN to LTIA is decided by ACV but must consider the interests of airlines. At TSN, the facilities are less modern than at LTIA, which results in lower freight handling and warehouse rental costs. Therefore, TSN is a more suitable choice for low-cost carrier.
- TSN's location near the center of Ho Chi Minh City helps optimize the transportation of electronics, textiles, and seafood products to consumers in the city. Meanwhile, LTIA, located about 40 km from southern industrial parks (Dong Nai, Ba Ria – Vung Tau, Binh Duong, etc.), creates favorable conditions for the circulation of heavy industrial goods, high-tech components, super-heavy goods, and large-scale biopharmaceuticals, meeting the needs of manufacturers.

We consider SCS to be a strong candidate to become the No. 1 freight terminal operator ([Back to page 3](#))

We believe that SCS is well-positioned to become the freight terminal operator at LTIA. The company not only meets the criteria for operational capacity but also aligns with the socio-economic characteristics and logistics chains in the southern region.

- **SCS has the advantage of understanding the design and operation of cargo terminal No. 1:** Currently, **SCS is the only enterprise working directly with ACV** and consultant Incheon (Korea) to discuss important aspects such as architectural design, functionality, technology application, and operational consulting.
- In the South, SCS operates more efficiently than TCS, as described above. When compared to northern operators at Noi Bai airport, choosing SCS is a reasonable option because:
 - **Ability to handle goods quickly and knowledge of the southern market:** SCS has extensive experience in handling perishable goods, such as agricultural and aquatic products—key exports from the Mekong Delta. Meanwhile, companies in the North primarily focus on industrial and dry goods.
 - **Relationship with international airlines:** Choosing SCS will be beneficial in negotiating contracts and stabilizing operations, as airlines shifting from TSN to LTIA are already SCS customers.
 - **Capacity to handle pharmaceutical goods according to international standards:** SCS holds the IATA CEIV Pharma certification, an important standard in pharmaceutical logistics. Competitors such as ALS, NCT, and ACSV do not have this certification, which gives SCS a significant advantage, especially when LTIA aims to become an international logistics hub, particularly for high-value pharmaceutical goods. Corporations like Pfizer and AstraZeneca require partners to meet these standards to ensure the quality of transportation.

Company Report

This report is created for the purpose of providing 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 feedbacks 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%

In some cases, we do not provide specific buy/sell recommendations but only offer some reference valuations to give investors additional information, classified under the **OBSERVE** recommendation

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RESEARCH CENTER

Lam Nguyen

Head of Research

lam.ntp@vdsc.com.vn
 + 84 28 6299 2006 (1313)

Tung Do

Manager

tung.dt@vdsc.com.vn
 + 84 28 6299 2006 (1521)
 • Banking
 • Technology

Lam Do

Manager

lam.dt@vdsc.com.vn
 + 84 28 6299 2006 (1524)
 • Real Estate
 • Construction Materials
 • Industrial RE

Hung Le

Manager

hung.ltq@vdsc.com.vn
 + 84 28 6299 2006 (1530)
 • Market Strategy
 • Macroeconomics

Quyen Nguyen

Senior Analyst

quyen.nt@vdsc.com.vn
 + 84 28 6299 2006 (1524)
 • Retail
 • Pharmaceuticals

Ha My Tran

Senior Consultant

my.tth@vdsc.com.vn
 + 84 28 6299 2006
 • Macroeconomics

Toan Vo

Analyst

toan.vnv@vdsc.com.vn
 + 84 28 6299 2006 (1530)
 • Macroeconomics

Quan Cao

Analyst

quan.cn@vdsc.com.vn
 + 84 28 6299 2006 (2223)
 • Sea ports
 • Aviation
 • Textiles

Hien Le

Analyst

hien.ln@vdsc.com.vn
 + 84 28 6299 2006 (1524)
 • Fishery
 • Fertilizer

Hung Nguyen

Analyst

hung.nb@vdsc.com.vn
 + 84 28 6299 2006 (1526)
 • Retail
 • Automotive & Spare parts
 • Consumer

Luan Pham

Analyst

luan.ph@vdsc.com.vn
 + 84 28 6299 2006 (1526)
 • Retail

Giao Nguyen

Analyst

giao.ntq@vdsc.com.vn
 + 84 28 6299 2006 (1530)
 • Real Estate
 • Industrial RE

Trang To

Analyst

trang.th@vdsc.com.vn
 + 84 28 6299 2006
 • Banking

Huong Le

Analyst

huong.lh@vdsc.com.vn
 + 84 28 6299 2006 (1524)
 • Oil & Gas

Chinh Nguyen

Analyst

chinh1.nd@vdsc.com.vn
 + 84 28 6299 2006 (1530)
 • Utilities

Ha Tran

Assistant

ha.ttn@vdsc.com.vn
 + 84 28 6299 2006 (1526)

Thao Phan

Assistant

thao.ptp@vdsc.com.vn
 + 84 28 6299 2006 (1526)

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OPERATING NETWORK

HEADQUARTER IN HO CHI MINH CITY

1st to 8th floor, Viet Dragon Tower, 141 Nguyen Du, Ben Thanh Ward, District 1, HCMC

T +84 28 6299 2006

E info@vdsc.com.vn

HANOI BRANCH

10th floor, Eurowindow Tower, 2 Ton That Tung, Kim Lien Ward, Dong Da District, Hanoi

T +84 24 6288 2006

F (+84) 24 6288 2008

NHA TRANG BRANCH

7th floor, 76 Quang Trung, Loc Tho Ward, Nha Trang City, Khanh Hoa

T +84 258 3820 006

F (+84) 258 3820 008

CAN THO BRANCH

8th floor, Sacombank Tower, 95-97-99, Vo Van Tan, Tan An Ward, Ninh Kieu District, Can Tho City

T +84 292 3817 578

F (+84) 292 3818 387

VUNG TAU BRANCH

2nd floor, VCCI Building, 155 Nguyen Thai Hoc, Ward 7, Vung Tau City, Ba Ria - Vung Tau Province

T +84 254 7772 006

BINH DUONG BRANCH

3rd floor, Becamex Tower, 230 Binh Duong Avenue, Phu Hoa Ward, Thu Dau Mot City, Binh Duong

T +84 274 7772 006

DONG NAI BRANCH

8th floor, TTC Plaza Building, 53-55 Vo Thi Sau, Quyet Thang Ward, Bien Hoa City, Dong Nai Province

T +84 251 7772 006

