Construction Materials

Recovery gains traction

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Summary

2025 steel demand outlook:

- **Domestic market:** Demand will be driven by robust infrastructure spending and a recovering real estate market, supporting construction steel sales. Mega projects have been approved at an unprecedented pace, while 2025 public infrastructure spending targets have been continuously revised upward - now 40%+ higher vs the 2024-2026 Finance and State Budget plan submitted in October 2023, after two adjustments, as of February 2025.
- **Exports**: We expect that Vietnamese steel exports will continue to be challenged by China exports and protectionism trends in key exports markets.

Steel output and input price outlook:

- **Output:** We are cautiously optimistic about a slow rebound in Chinese steel prices, driven by (1) stabilizing construction demand as 2024 policies are absorbed, (2) continued Chinese government support that improves sentiment, and (3) steel capacity restriction measures introduced in August 2024.
- **Input:** We expect slightly lower YoY input costs due to higher supplies of iron ore and coking coal. S&P Global forecasts Australia's 2025F iron ore exports to rise by ~19mn tonnes YoY (~0.8% of global output), while Brazil's Vale targets 325–335mn tonnes in 2025F (vs 328mn in 2024). Australia's coking coal exports are projected to grow from 151mn tonnes in FY2023/24 (ended June 2024) to 163mn in FY2024/25 and 174mn in FY2025/26.

We believe President Trump's latest 25% blanket tariff on imported steel are a net-positive for Vietnam:

- It provides significant trade protection against the 20%+ GPM level of Canadian and Mexican steelmakers, effectively curbing their exports.
- It allows Vietnam to redirect ~5-10% of its total steel exports from Canada and Mexico to the US.
- Though it may put downward pressure on global steel prices as surplus steel seeks non-US markets, the tariff should also lower input costs, therefore supporting Vietnamese steelmakers' margins.
- We expect limited risk of China competing with Vietnam for the US market as China bears higher tariffs.

On February 21, 2025, Vietnam imposed a temporary anti-dumping (AD) tariff against Chinese HRC, effective for 120 days, with the tariff rate ranging from 19.38% to 27.83%. This decision positively impacts HPG by shielding its HRC sales volume/ASP against Chinese imported HRC. This is especially significant as HPG's HRC capacity will double/triple in 2025/26F after the first/second blast furnace of DQSC2 comes online.

Downside risks: (1) Prolonged weak demand in China, extending commodity price deflation; (2) extended slowdown in Vietnam's property market; (3) delayed budget disbursement for infrastructure projects.

Stock recommendations:

- **HPG:** Attractive growth investment opportunity. Strong public investment and DQSC2 expansion to drive a 25% 2024-27F NPAT-MI CAGR (base case). Our sensitivity analysis shows significant upside of up to 61% from the current market price (vs base case of 31%) as the AD tariff is on Chinese HRC.
- **BMP:** A defensive play with full domestic exposure, a net cash balance sheet, and next-12M cash dividend yield of 10.2%. Benefiting from China's weak construction demand, BMP enjoys lower input costs, supporting strong earnings growth.

Construction materials: Key data and summary valuations

Key data

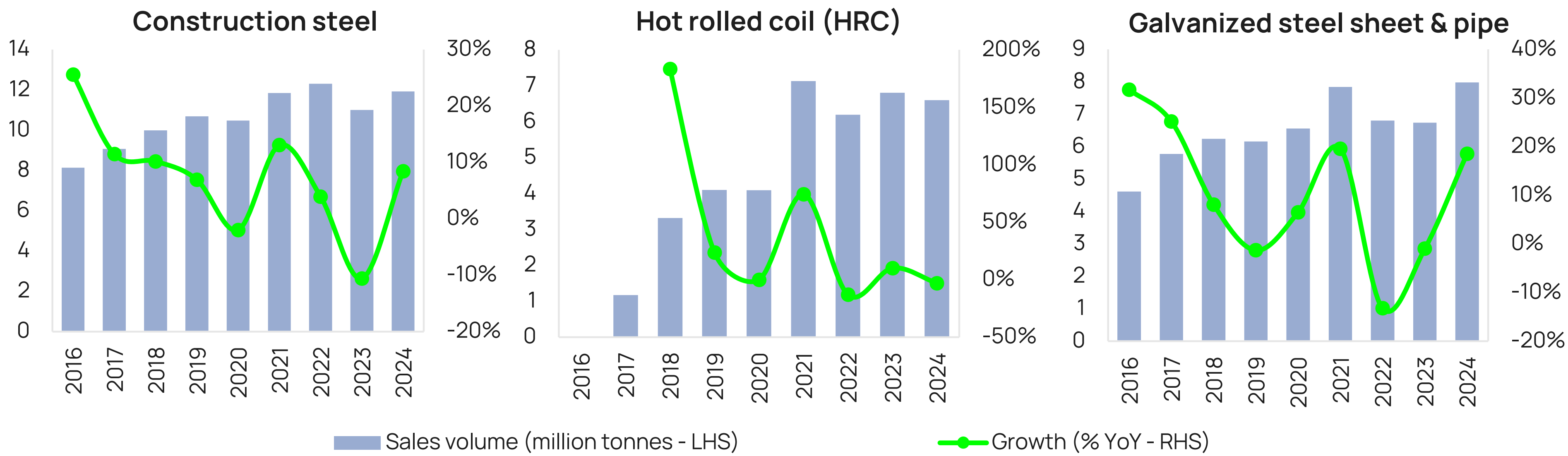
Ticker	Rating	Market cap, USD mn	State O'ship %	Foreign limit %	Foreign avail, USD mn	ADTV 30D, USD mn	Share price, VND ps	Target price, VND ps	Target price, updated	Upside %	Div. yield %	12M TSR %
HPG	BUY	6,640	0%	49%	1,816	19.5	26,500	34,800	12-Feb-25	31.3%	0.0%	31.3%
NKG	M-PF	245	0%	50%	104	2.6	14,000	16,700	12-Sep-24	19.3%	0.0%	19.3%
HSG*	M-PF	421	0%	49%	168	2.8	17,300	19,600	12-Sep-24	13.3%	0.0%	13.3%
BMP	BUY	378	0%	100%	63	0.8	118,000	130,300	16-Sep-24	10.4%	10.2%	20.6%

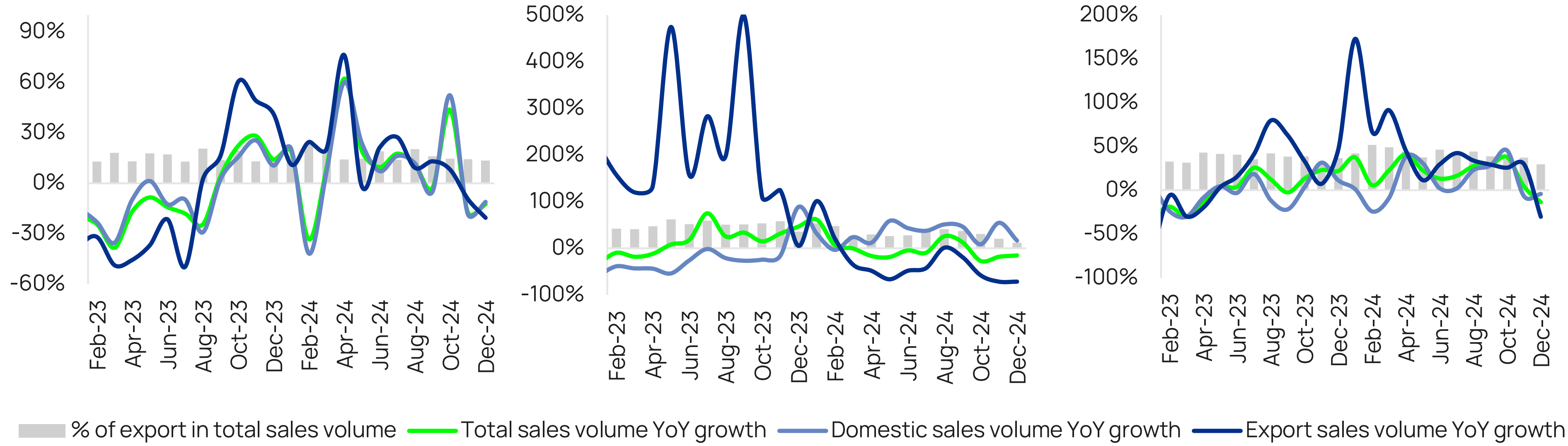
Summary valuations

Ticker	Share price VND ps	EPS g 2024 %	EPS g 2025F %	EPS g 2026F %	P/E 2024 x	P/E 2025F x	P/E 2026F x	EV/ EBITDA* 2025F x	ROE 2025F %	P/B LQ x	Net D/E LQ x
HPG	26,500	76%	25%	22%	14.6x	11.7x	9.6x	7.7x	12%	1.5x	0.7x
NKG	14,000	285%	74%	8%	10.8x	6.2x	5.8x	5.6x	14%	0.8x	1.2x
HSG*	17,300	1645%	131%	28%	21.6x	9.3x	7.3x	6.3x	10%	1.0x	0.6x
BMP	118,000	-5%	4%	-6%	9.8x	9.4x	10.0x	5.3x	38%	3.6x	-0.5x

Note: (*) Financial year (FY) end is September 30. Share prices as of February 19, 2025.
Source: Company data, Vietcap

2024 Recap: Slower-than-expected domestic demand recovery, exports challenged by China and trend of global protectionism





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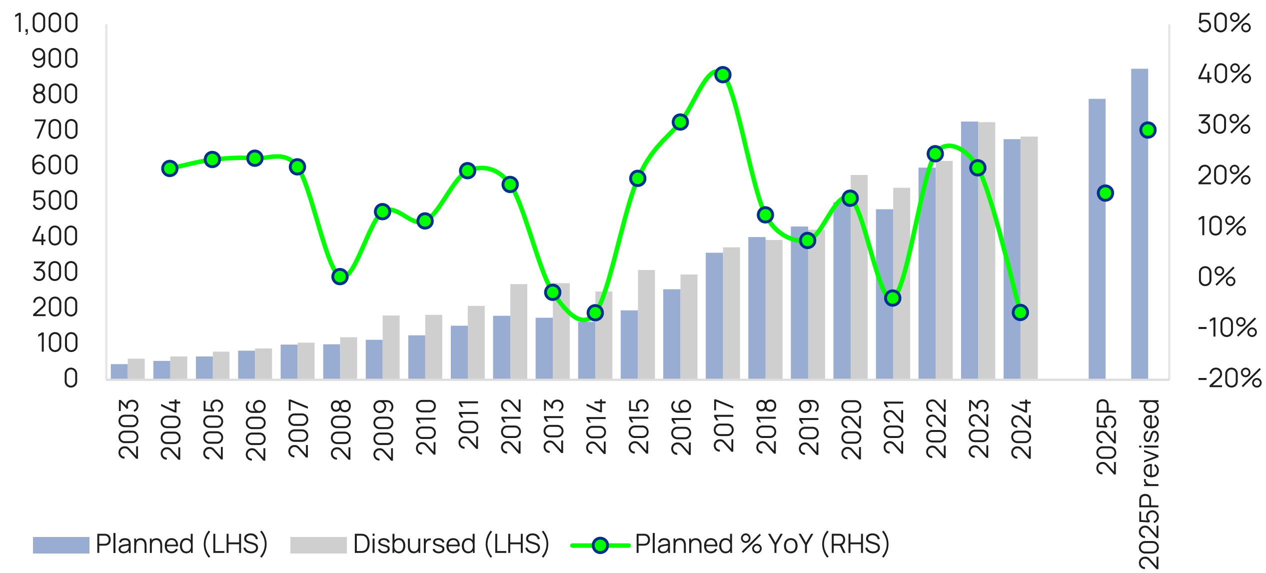
Source: Vietnam Steel Association, Vietcap

Domestic Market: We expect 2025 volume growth in low-teen digits across construction materials, led by infrastructure (1)

2025 State spending for investment & development targets have been revised up several times, as accelerating public investment is one of the key solutions to achieve the 8% GDP growth target in 2025.

- **Feb 2025**: VND875tn (USD34.4bn; +10.6% vs the previous plan; +28% vs 2024E actual disbursement).
- **Nov 2024**: VND791tn (USD31.1bn)
- **Oct 2023**: VND606tn (USD23.9bn)

State expenditure budget for investment & development (VND tn)

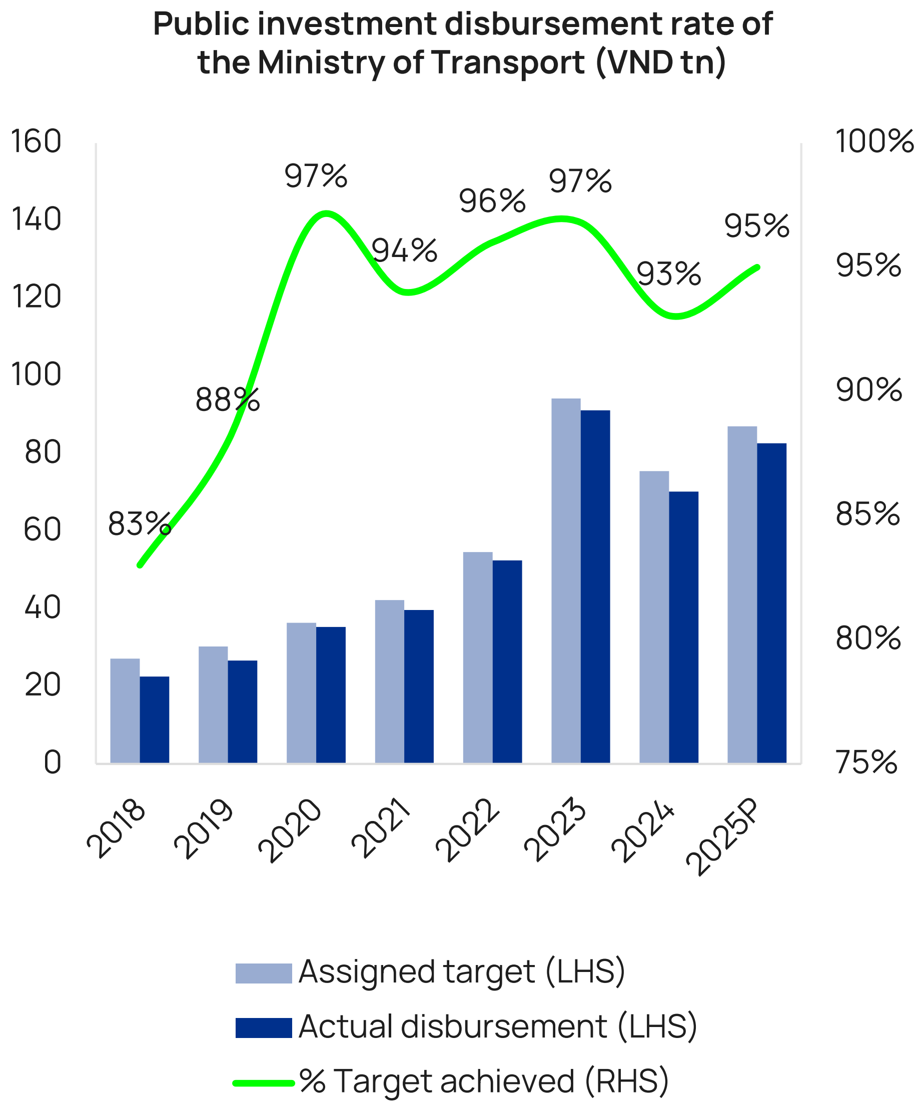


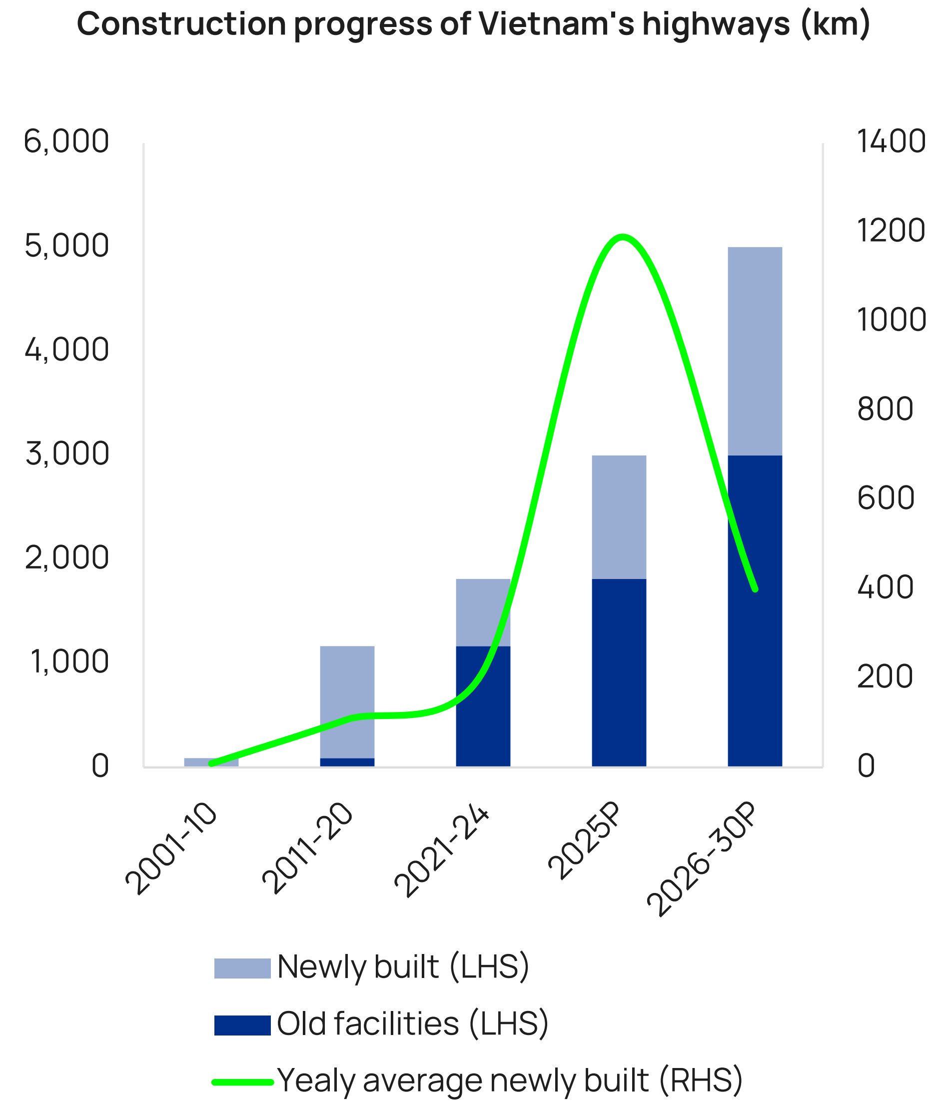
State expenditure budget for investment & development in 2020-2025

	2020	2021	2022	2023	2024	2025G revised
Amount planned for the year	VND471tn (USD18.8bn) +9% vs 2019 planned budget	VND477tn (USD19.1bn) +1% vs 2020 planned budget	VND526tn (USD21.0bn) +10% vs 2021 planned budget	VND727tn (USD29.1bn) **+38% vs 2022** planned budget	VND677tn (USD27.1bn) **-7% vs 2023** planned budget	VND875tn (USD35bn) **+29% vs 2024** planned budget
Actual disbursement*	VND576tn (USD23.0bn)	VND516tn (USD20.6bn)	VND530tn (USD21.2bn)	**VND725tn** (USD29.0bn)	**VND684.4tn** (USD27.4bn)*	
Actual disbursement vs amount planned	**122.5%**	**108.1%**	**100.8%**	**99.8%**	**101.0%***	

*Source: Ministry of Finance, Vietcap. *Actual result (1st estimation of the MoF)*

Domestic Market: We expect 2025 volume growth in low-teen digits across construction materials, led by infrastructure (2)





Source: Ministry of Finance, Local media, Vietcap.

Domestic Market: Major infrastructure projects are being put in motion (1)

Major infrastructure projects

No	Project	Capacity/Length	Capex	Status	Expected construction time
1	**North-South Expressway**				
	- Phase 1	666 km	VND88.1tn (USD3.5bn)	Finished (mid-2024)	
	- Phase 2	721 km	VND147tn (USD5.9bn)	On going	2021-2025
2	**HCMC Ring Road No.3**	90km	VND75.4tn (USD3bn)	On-going	Open in mid-2025, complete in 2026.
3	**Hanoi Ring Road No.4**	112.8km	VND85.8tn (USD3.4bn)	On-going	Basic completion in 2026, full operations in 2027.
4	**Long Thanh International Airport**	100mn passengers (p), 5mn tonnes of cargo (c)	VND336.6tn (USD13.5bn)		
	- Phase 1	25mn p; 1.2mn tonnes; c	USD5bn	On-going	Operational by early 2027*
	- Phase 2	25mn p; 0.3mn tonnes; c		Not started	
	- Phase 3	50mn p; 1.5mn tonnes; c		Not started	
5	**North-South High-speed Railway**	350km/h max speed, connecting HCMC-Hanoi. 1541km	USD67.7bn	Approved by the National Assembly	2027-2035
6	**Lao Cai – Hanoi – Hai Phong railway**	Main route: 391km, sub-route: 28km	VND203.2tn (USD8.4bn)	Approved by the National Assembly	2025 - 2030
7	**Cai Mep Ha Logistics Center**	2,200ha, able to receive world's largest ship (250,000 DWT)	USD6.7bn		
8	**Can Gio International Transshipment Port**	2.1mn TEUs/year (2027), 4.8mn TEUs/year (2030), 16.9mn TEUs/year (2047)	VND113.5tn (USD4.5bn)	Received investment approval	2025 - 2027 (first phase)

*Source: GSO, Ministry of Finance, Local media, Vietcap. Note: *Vietcap's expectation*

Domestic Market: Major infrastructure projects are being put in motion (2)

- For the **North-South HSR**, the Government estimates **total steel demand of 3.5mn tonnes.** We believe construction steel makes up a large portion of building up supporting infrastructure for the project, as **railway steel demand is roughly 187,200 tonnes**, per our calculation.*
- On February 17, 2025, HPG established a project committee for railway track and special steel production at Dung Quat, underscoring its commitment to supplying Vietnam's upcoming railway projects. **The capex for the railway production line is VND10tn (USD393mn) — modest vs DQSC1's VND50tn (USD1.96bn) and DQSC2's VND70tn (USD2.75bn).**

Estimation of construction materials needed

	North-South HSR	Long Thanh International Airport	North-South Expressway	Hanoi Ring Road 4	HCMC Ring Road 3	Khanh Hoa – Buon Ma Thuot Expressway – phase 1	Bien Hoa – Vung Tau Expressway – phase 1	HCMC Ring Road 4
Types	High-speed railway	Airport	Expressway	Expressway	Expressway	Expressway	Expressway	Expressway
Construction stone	17.4M m3	18M cbm	18.5M cbm	4.4M cbm	4.4M cbm	0.9M cbm	0.7M cbm	11.6M cbm
Concrete	N/A	1.6M cbm						
Cement	6.72 Mt	1 Mt						
Steel	3.5 Mt	0.1 Mt						
Paving stone		500,000 sqm						
Wooden panel		50,000 sqm						

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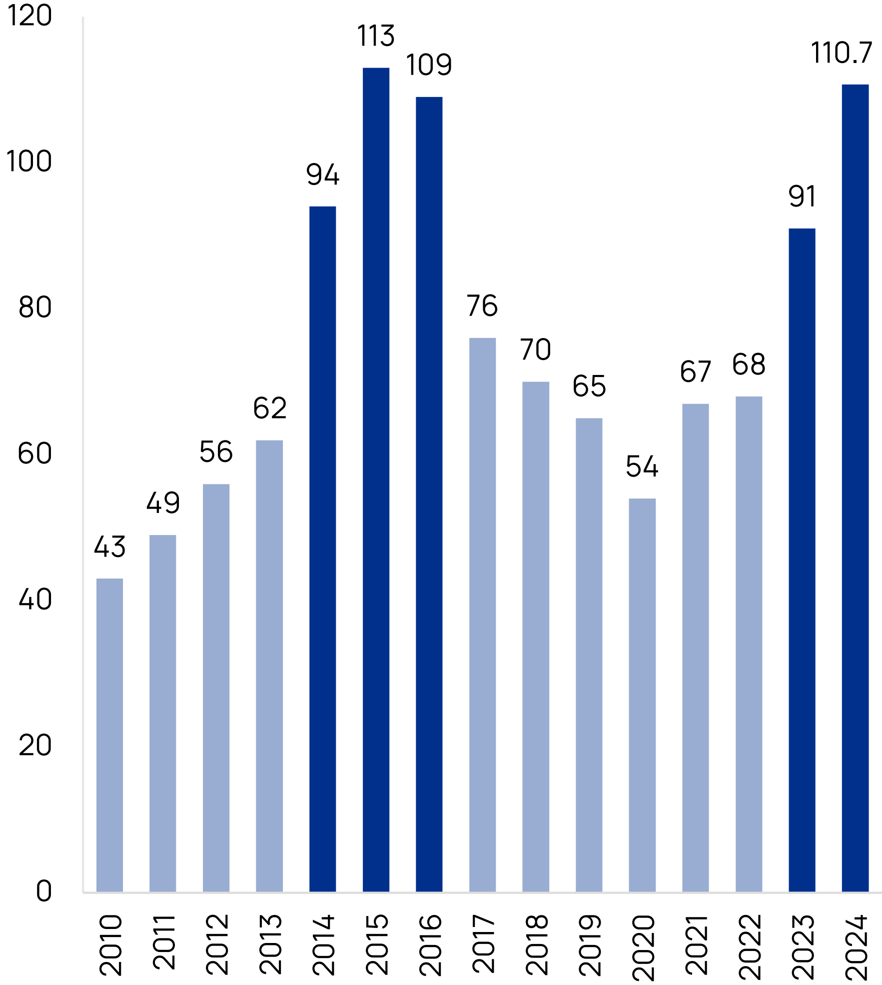
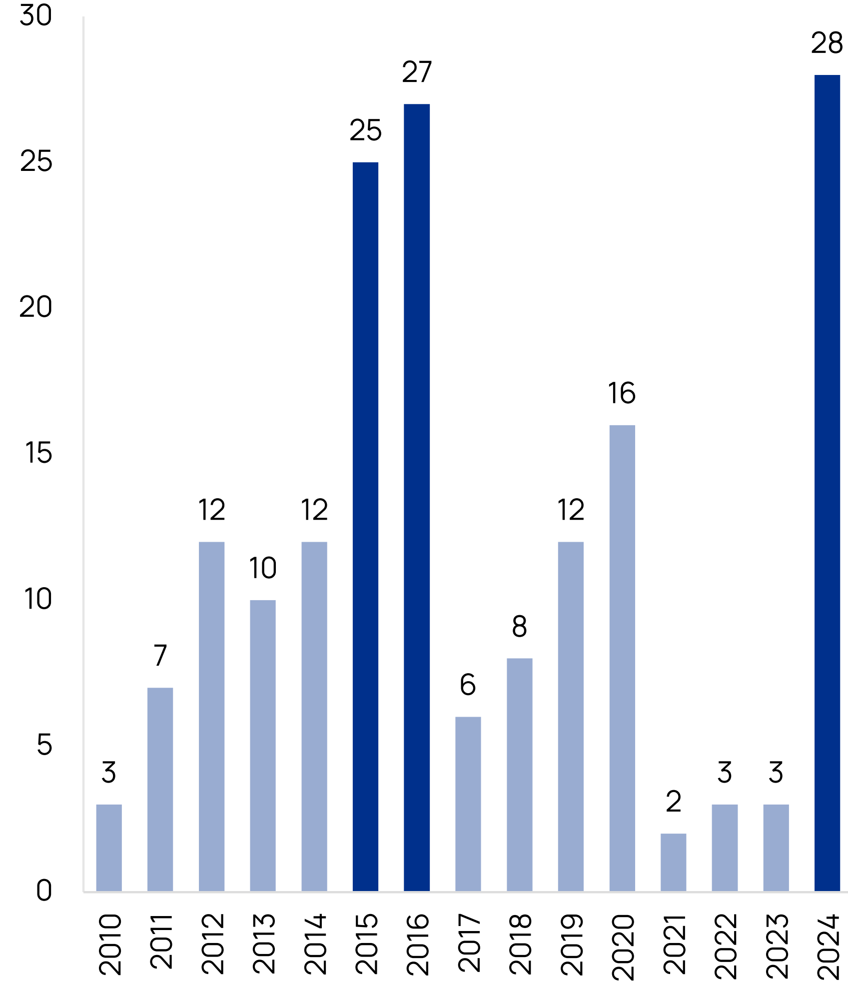
*Source: Vietcap. *High-speed railway projects similar to Vietnam typically use UIC60 steel (i.e., 60kg per meter). As the total length of the NSHSR is 1541km, total railway steel demand is estimated as: 60 kg/m * 2 tracks * 1000m * 1,560km = 187,200 tonnes.*

Exports: Protectionism is the main theme for steel exports in 2025F

Chinese steel exports (mn tonnes)



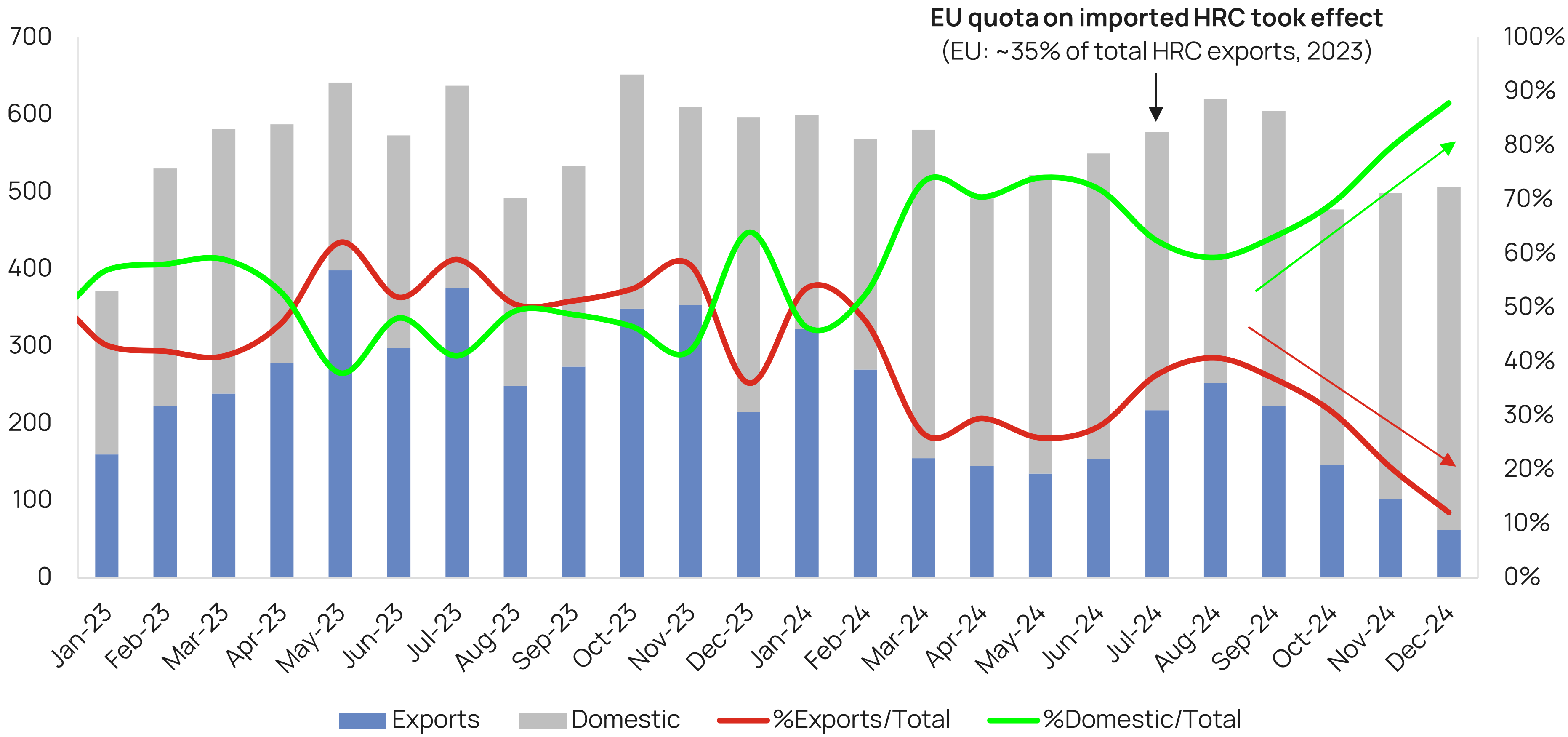
Number of AD investigations on Chinese steel globally



Source: China Trade Remedies Information, China Customs, Reuters, Vietcap

Exports: 2024 was a challenging year for Vietnam's HRC exports, but domestic demand offset the shortfall

Vietnam's HRC sales volume, breakdown by domestic and exports sales ('000 tonnes)



- Increased competition from Chinese exports and protectionism in export markets weighed on Vietnam's HRC exports, but domestic demand made up the shortfall.
- Total 2024 HRC sales volume dropped 3% YoY (domestic +30% YoY, exports -36% YoY).

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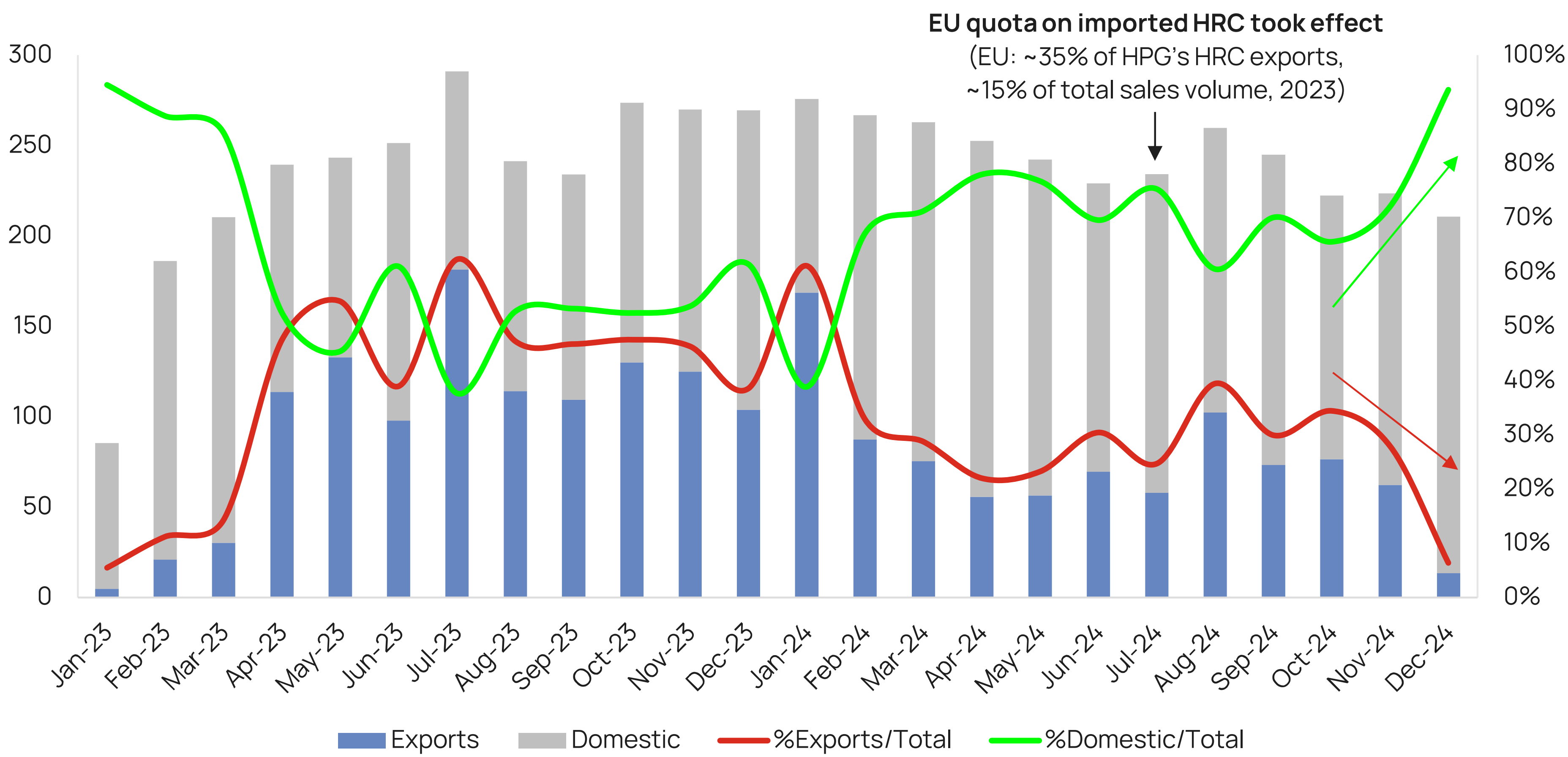
Source: VSA, Vietcap

Exports: HPG's HRC exports sales have also been challenged by external factors, but domestic demand filled the gap

HPG's HRC sales volume, breakdown by domestic and exports sales ('000 tonnes)



- As one of the two sole onshore HRC suppliers, HPG's HRC sales closely followed industry sales volume, with domestic demand offsetting exports demand.
- Total 2024 HRC sales volume grew 5% YoY (domestic +24% YoY, exports -23% YoY).

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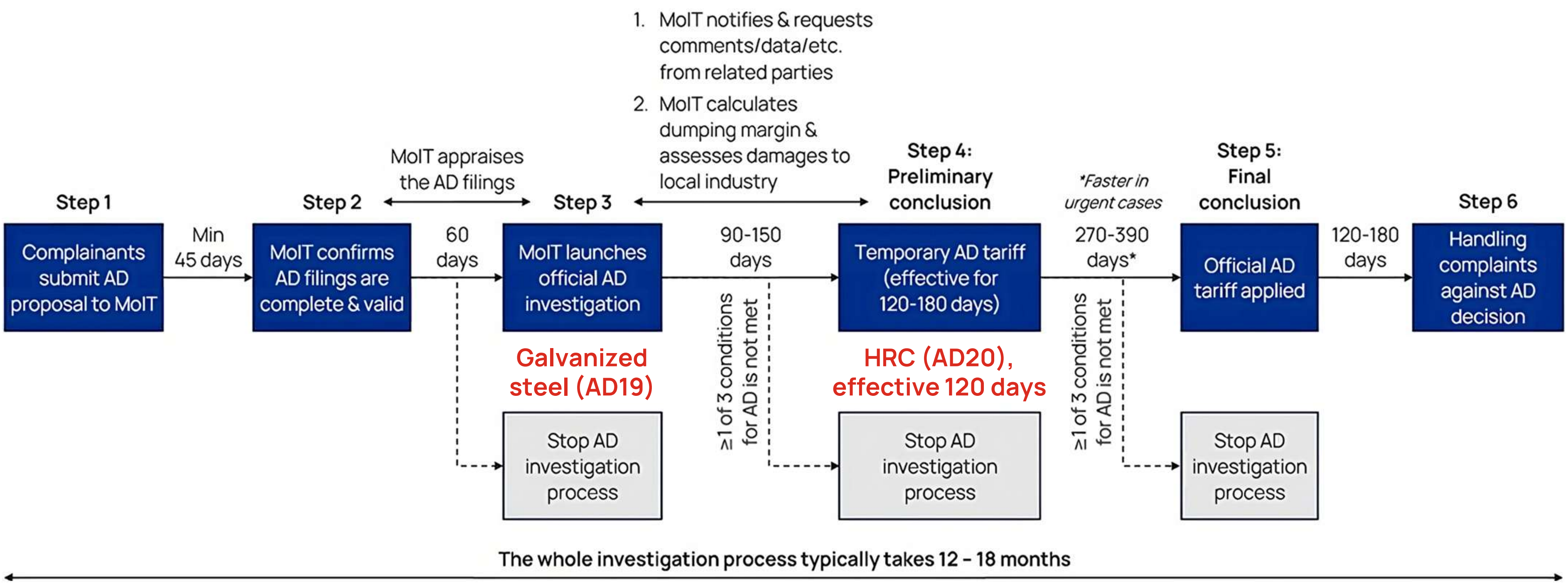
Source: VSA, Vietcap

Temporary AD tariff imposed on Chinese HRC; galvanized steel tariff lags expectations

- **AD on HRC imports:** On February 21, 2025, the MoIT announced the temporary result of the AD20 investigation on imported hot-rolled coil (HRC) from China and India. **The decision imposes temporary AD tariffs ranging from 19.38% to 27.83% on Chinese HRC, effective for 120 days.** For Indian HRC, while dumping practices were confirmed, the import volume was deemed insignificant (below 3%). Therefore, **Indian imports have been excluded from the AD duty**.
- **AD on galvanized steel imports:** The MoIT initiated an investigation in mid-June. This means that the galvanized steel case is also between step 3 and step 4, currently awaiting the preliminary investigation results from the MoIT. So far, **the case's timeline progress has trailed our expectations**, where a temporary decision was expected at the latest by end-November 2024.

A typical AD investigation process in Vietnam



Source: MoIT, Vietcap

We see significant upside to our valuation for HPG, following the protection against Chinese HRC granted by AD20

- **The imposition of AD20 positively impacts HPG's valuation** by mitigating competitive pressure from Chinese imported HRC which weighed on HPG's HRC sales volume and ASP in 2024.
- **This is especially significant as HPG's HRC capacity will double/triple in 2025/26F** (to 5.6mn/8.4mn tonnes per year) after DQSC2's first/second phase comes online.
- Per our sensitivity analysis, if the first-year utilization rate of DQSC2 reaches 75% and ASP increases 6% YoY in both 2025 and 2026F, our TP could rise by 22% to **VND42,500/share (upside of 61%)**.

Sensitivity analysis of our target price for HPG (VND/share) in relation to DQSC2's launching, ceteris paribus

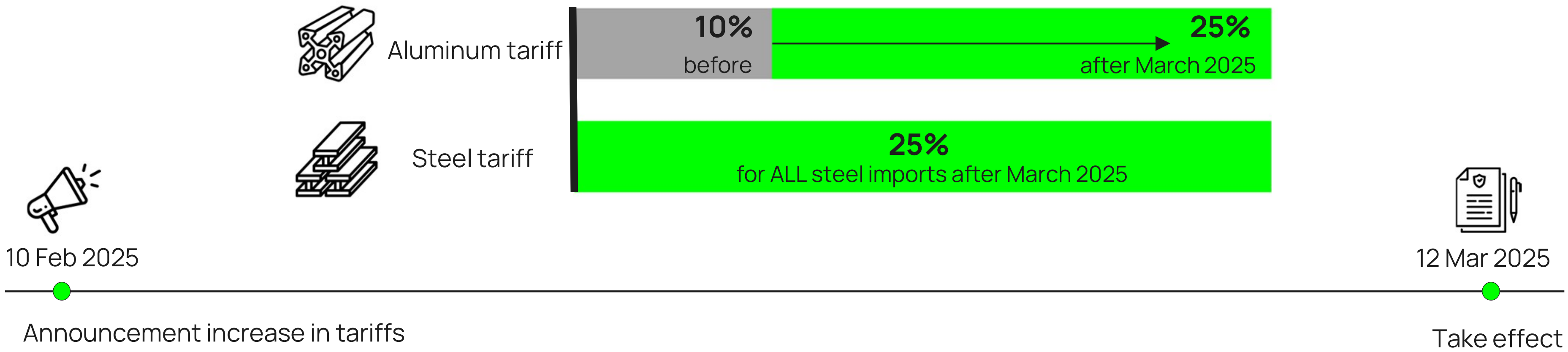
2025/26F HRC ASP %YoY *	DQSC2 first-year utilization rate**						
	40%	45%	50%	60%	65%	70%	75%
-12%	27,200	27,800	28,300	29,500	29,600	29,800	30,000
-10%	27,600	28,200	28,800	29,900	30,100	30,300	30,500
-8%	29,500	30,100	30,700	32,000	32,200	32,400	32,600
-6%	32,100	32,700	33,400	**34,800**	35,000	35,200	35,500
-3%	32,900	33,600	34,300	35,800	36,000	36,200	36,500
0%	36,100	36,900	37,700	39,200	39,500	39,800	40,100
3%	37,100	37,900	38,800	40,400	40,700	41,000	41,300
6%	38,100	39,000	39,900	41,600	41,900	42,200	**42,500**

Base case: upside 31%

Best case: upside 61%

*Source: *Assuming flat 2027-29F ASP for simplicity. **Assuming utilization rate to increase 20% p.a.*

Exports: President Trump's new 25% blanket tariff on steel is a net positive for Vietnam (1)



New tariff policy background:

- The new tariff policy effectively expands Section 232, **imposing a 25% tariff across all countries.**
- US allies that previously were exempt from Section 232 tariffs (e.g., Argentina, Brazil, Canada, Mexico, etc.) will be adversely impacted.

Catalysts for Vietnam:

- Vietnam's existing 25% tariff remains unchanged.
- Previously, US allies benefited from no tariff while Vietnam was subject to 25%, creating a competitive imbalance.
- **As all steel exporters now face an equal tariff rate, Vietnamese steel producers gain an advantage**.

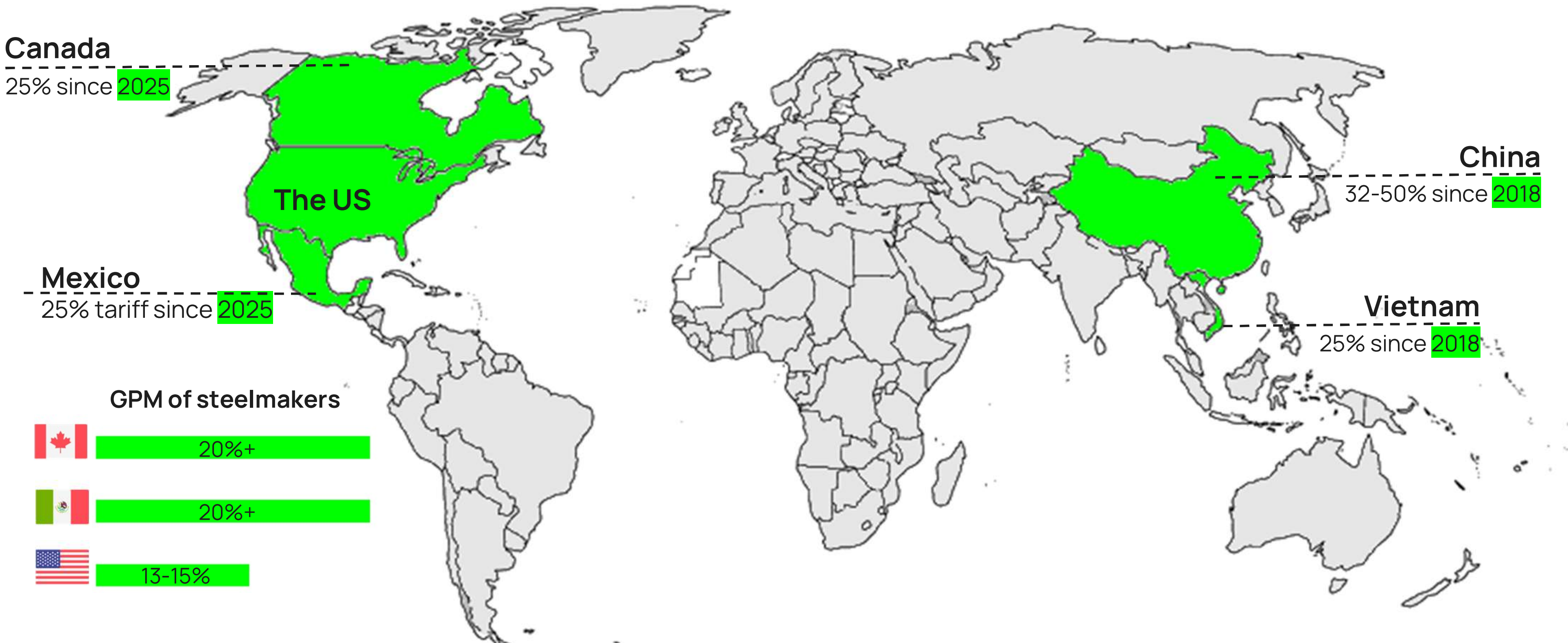
*Key beneficiaries: **HPG**, NKG, HSG, GDA.*

Risks for Vietnam:

- We expect **more price and volume pressure in non-US markets** as affected countries seek alternative export destinations.

Source: The Whitehouse, Vietcap

Exports: President Trump's new 25% blanket tariff on steel is a net positive for Vietnam (2)



Reduced exports from Canada & Mexico to the US (1st and 2nd largest exporters to the US in 2024 in terms of value)

⬆ **Positive for Vietnam**

Higher input supply allows Vietnamese steelmakers to maintain margins if sales volumes are stable

⬆ **Positive for Vietnam**

Vietnam's steel exports to North America will shift directly to the US, eliminating the needs for re-routing

⬆ **Positive for Vietnam**

China's higher tariffs hinder its ability to compete with Vietnam to capture the gap left by Canada and Mexico

⬆ **Positive for Vietnam**

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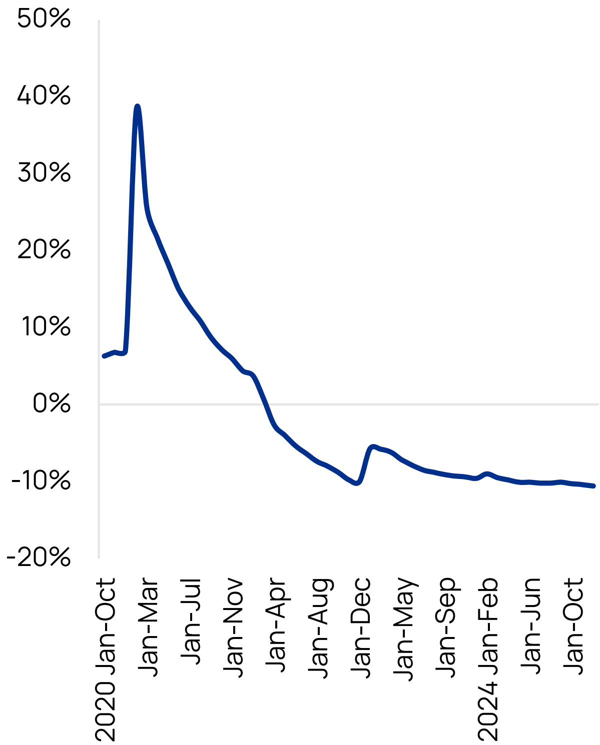
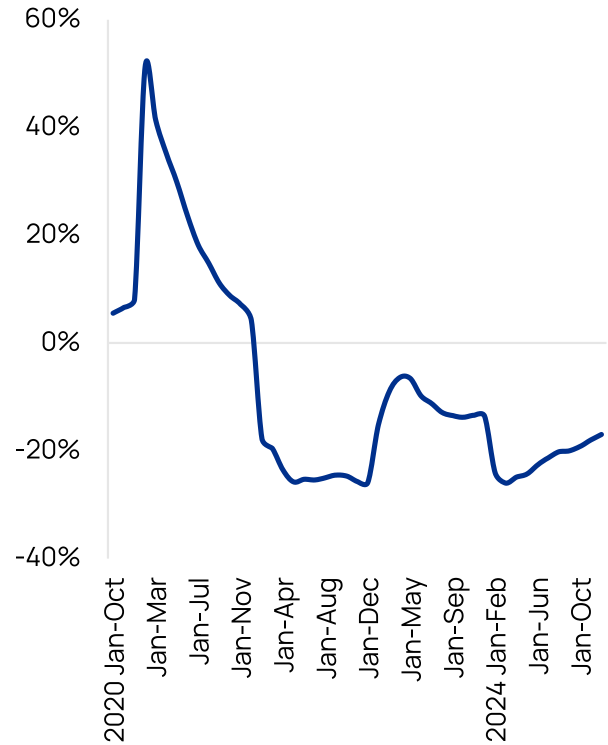
Source: The Whitehouse, Vietcap

Commodity prices: China's underlying construction demand remained weak throughout 2024

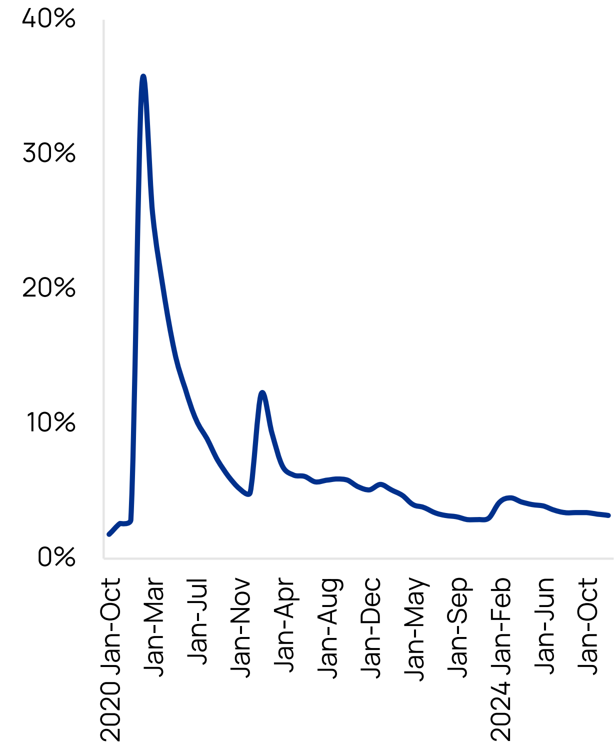
China YTD investment in real estate development YoY



China YTD funds for investment for real estate developers YoY



YTD investment in fixed assets YoY



Total (Jan – Dec 2024): -10.6%
- Residential buildings: -10.5%
- Office buildings: -9.0%
- Commercial buildings: -13.9%

Total (Jan – Dec 2024): -17.0%
- Domestic loans: -6.1%
- Foreign investment: -26.7%
- Self-raised funds: -11.6%
- Deposits & advance receipts: -23.0%
- Individual mortgages: -27.9%

Total (Jan – Dec 2024): +3.2%
- State-owned/holdings: +5.7% → *Strong*
- Private investment: -0.1% → *Weak*

Rising State investment has been insufficient to propel private investment.

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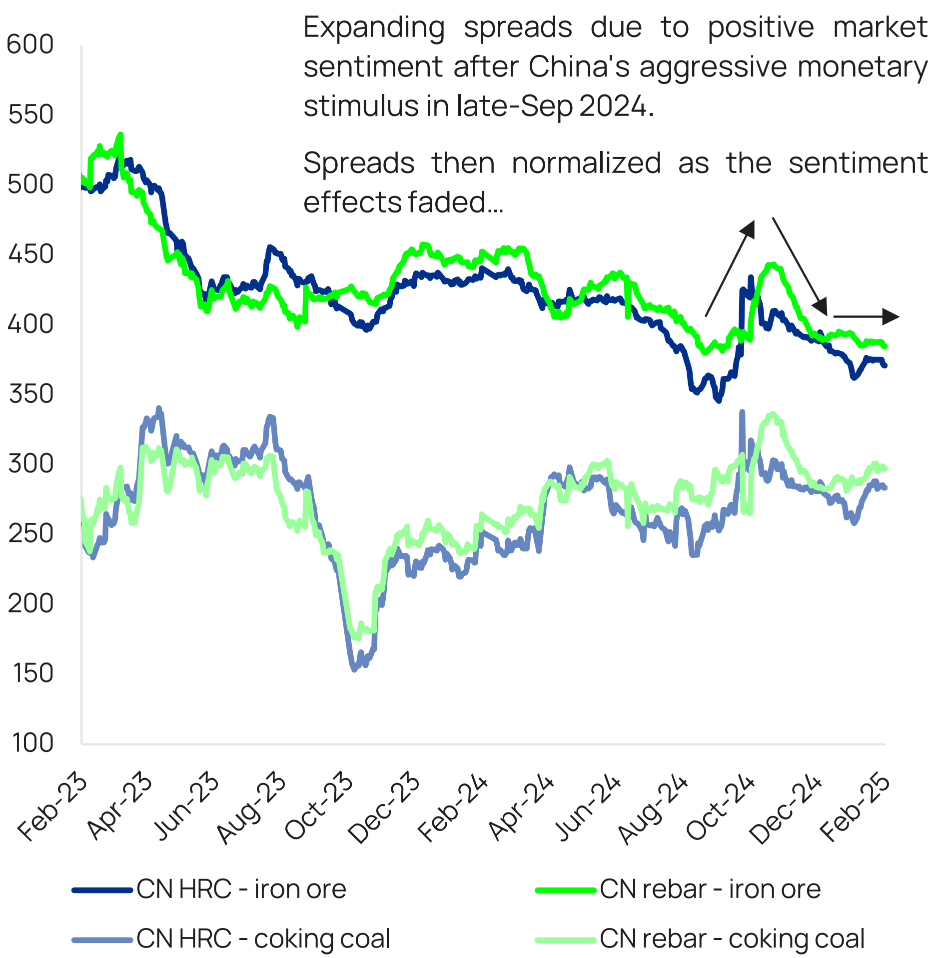
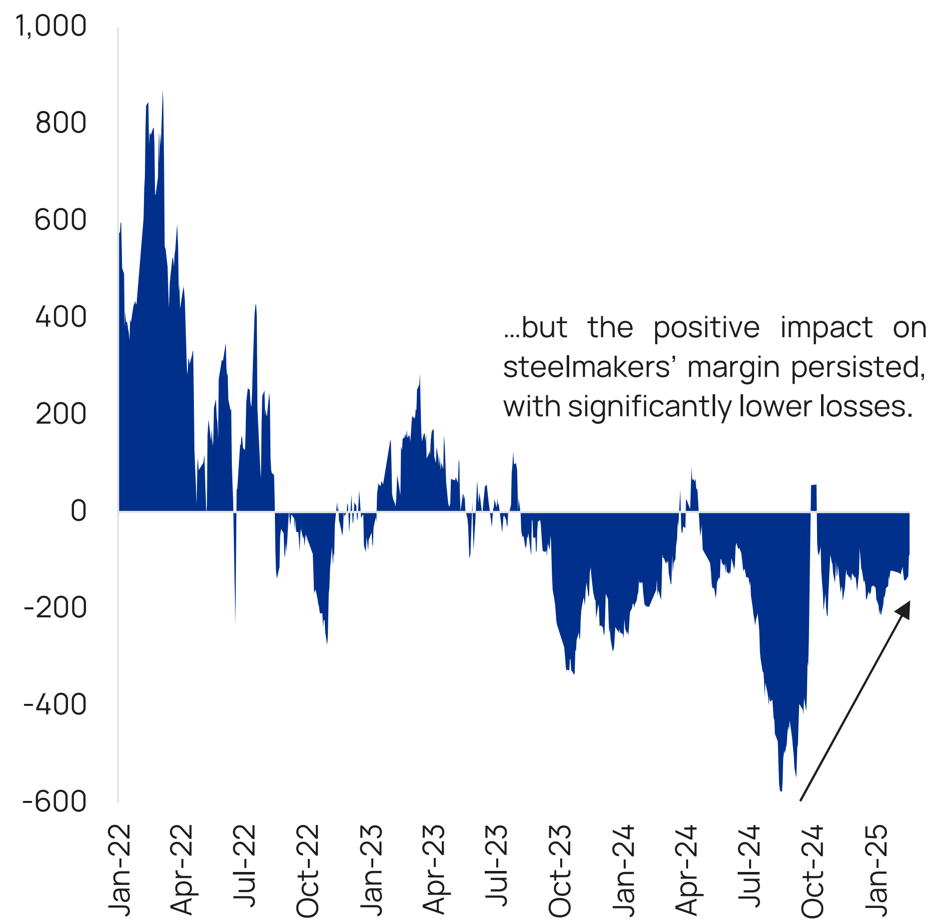
Source: National Bureau of Statistics of China, Vietcap

Commodity prices: China's stimulus has had positive impacts on steelmakers' margins

Steel output (HRC, rebar) vs input price (iron ore, coking coal) spreads (USD/ton)



Profit of Chinese BOF steel producers (CNY/tonne)



Source: Bloomberg, Vietcap

Commodity prices: We expect a slow rebound in steel output prices, and a slight drop in input prices, supporting margins

Outputs

We are cautiously optimistic that 2025F Chinese steel prices will slowly rebound, driven by:

1. Stabilization in the decline of China's underlying construction demand as new policies introduced in 2024 are gradually absorbed;
2. The suspension of China's system for approving new steel plants (effective August 2024), which curbs capacity expansion;
3. Continued intervention from the Government to support the property sector, boosting market sentiment. Nonetheless, we expect the recovery to be bumpy, as market sentiment adjusts to real economic data from China.

Inputs

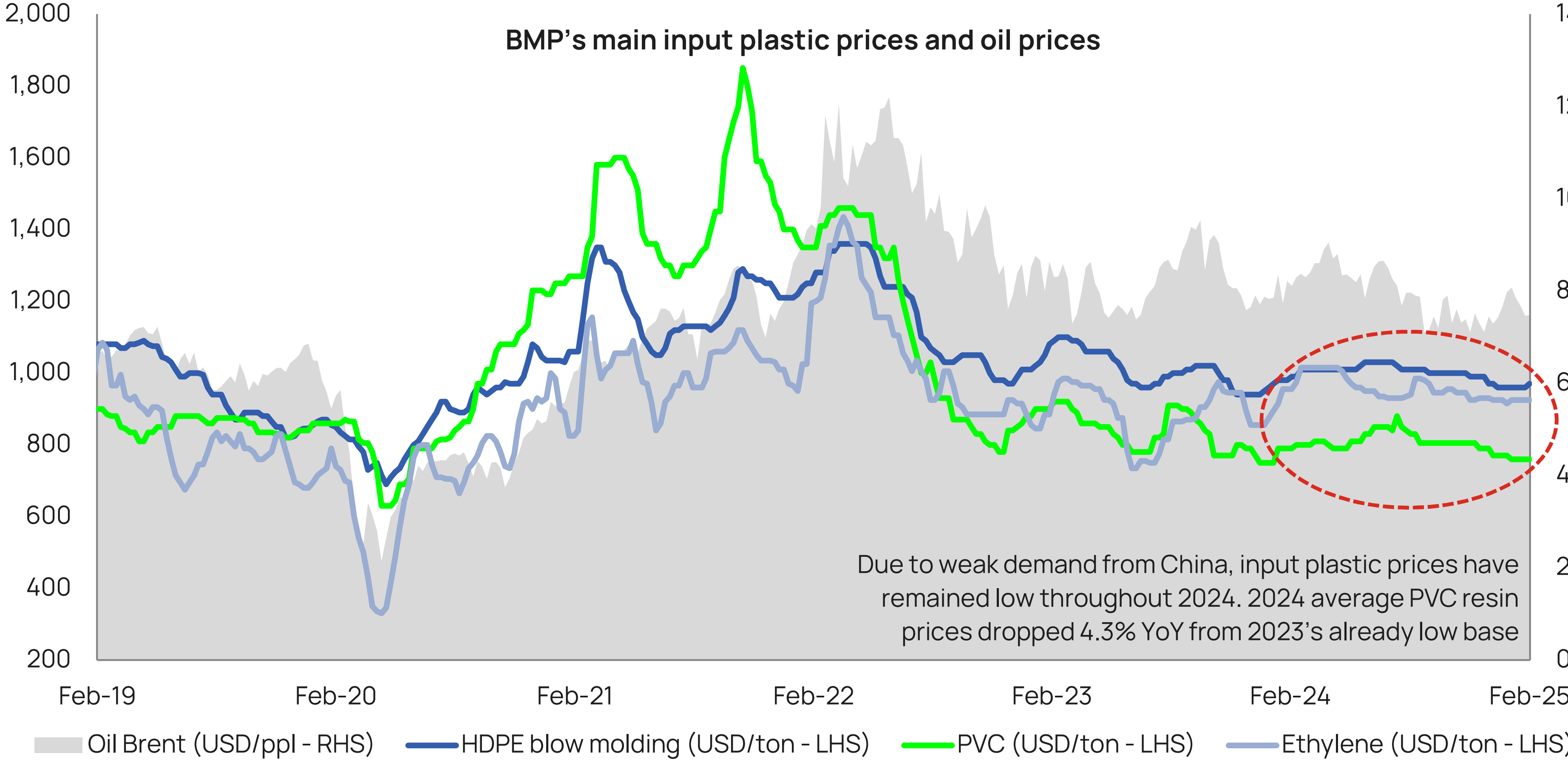
We expect slightly lower YoY input costs due to higher supplies of iron ore and coking coal.

1. **Iron ore:** S&P Global forecasts Australia's 2025F iron ore exports to rise by ~19mn tonnes YoY (~0.8% of global output), while Brazil's Vale targets 325–335mn tonnes in 2025F (vs 328mn in 2024).
2. **Coking coal:** Australia's coking coal exports are projected to grow from 151mn tonnes in FY2023/24 (ended June 2024) to 163mn in FY2024/25 and 174mn in FY2025/26.

Source: Bloomberg, Vietcap

Commodity prices: We expect 2025F input plastic prices to slightly increase YoY and GPM to slightly compress YoY

PLASTIC PIPE



- Due to weak demand from China, input plastic prices have remained low throughout 2024. 2024 average PVC resin prices dropped 4.3% YoY from 2023's already low base. BMP's GPM rose to 43.1% from 2023's high base of 41%.
- We project 2025F GPM of 42.3%, slightly lower YoY, but still a historical high for BMP.

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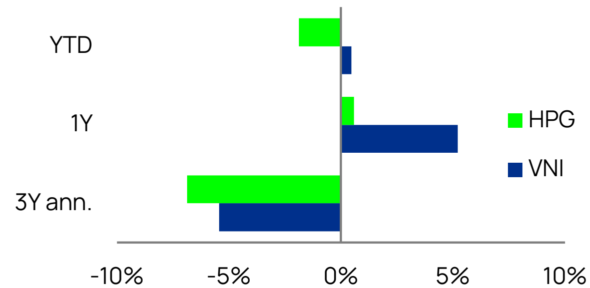
Source: Bloomberg, Vietcap

HPG - DQSC2, infrastructure spending to drive double-digit growth

Rating*	**BUY**
Share Price (Feb 19)	VND26,500
Target Price (TP)*	**VND34,800**
Upside to TP	+31.3%
Dividend Yield	0.0%
TSR	**+31.3%**
Industry	Steel
Market Cap	USD6.8bn
Foreign Room	USD1.9bn
ADTV30D	USD19.8mn
State Ownership	0.0%
Outstanding Shares	6.4 bn
Fully Diluted Shares	6.4 bn

	2024	2025F	2026F	2027F
Revenue (VND bn)	138,855	160,318	191,291	210,663
%YoY	17%	15%	19%	10%
NPAT-MI (VND bn)	12,020	15,047	18,311	23,482
% YoY	76%	25%	22%	28%
EPS % YoY	76%	25%	22%	28%
GPM	13.3%	14.8%	15.0%	16.7%
EBITDA margin	15.5%	18.4%	18.8%	20.2%
OPM	10.5%	12.0%	12.1%	13.8%
NPM	8.7%	9.4%	9.6%	11.1%
FCF/Sales	-18.3%	4.9%	7.1%	11.1%
EV/EBITDA	10.5x	7.7x	6.3x	5.3x
P/E	14.6x	11.7x	9.6x	7.5x
P/B	1.5x	1.3x	1.2x	1.1x
ROE	11.1%	12.3%	13.4%	15.6%

* TP and rating last updated February 12, 2025



Company Overview

HPG is Vietnam's largest private steel producer. Its main products include construction steel (capacity of 5.2 million tonnes/year; HRC (2025 capacity 5.6 of million tonnes/year) and steel pipes (capacity of 1.3 million tonnes/year).

HPG offers a solid growth investment opportunity, with respective projected 2025/26/27F NPAT-MI growth of 25%/22%/28%, driven by domestic construction demand growth, especially from infrastructure investments and new HRC capacity from DQSC2. For construction steel, we observe the public infrastructure spending target being revised up continuously, with ~40%+ increase in total after two upward revisions, vs the target in the Government's 2024-2026 Finance and State Budget plan submitted in October 2023, as of February 2025. For HRC, we currently expect the first and second blast furnaces of DQSC2 to come online in early 2025/26F, with first/second/third-year utilization rates of 60%/80%/100% - in line with management's goal. We believe the capacity ramp-up is achievable, however, given ongoing challenges in the exports market, we expect ASP to drop 6%/5% YoY in 2025/26F – assuming HPG sacrifice short-term margin in exchange for capacity ramp-up.

We expect strong 2025F NPAT-MI growth of 25% YoY, as we project (1) 10% YoY construction steel sales volume growth, (2) 50% YoY HRC sales volume growth as DQSC2 phase 1 operates, and (3) a slight margin expansion, driven by higher utilization of existing mills and lower input costs.

We view HPG's current valuation attractive, given its strong medium-term growth outlook. Our current target price implies a 2025F P/E of 15.3x vs a 2024-27F CAGR of 25%, equivalent to an attractive PEG ratio of 0.6x. At our target price (TP), the 2025-27F average P/E is 12.6x (+1 std. dev vs HPG's 10Y average P/E) which we think is justified given strong 2025-27F growth.

We see significant upside potential for HPG's valuation, following the imposition of the anti-dumping tariff against Chinese HRC imports. Per our sensitivity analysis, if the first-year utilization rate of DQSC2's two phases reaches 75% and ASP increases 6% YoY in both 2025/26F, our TP could rise by 22% to VND42,500/share (upside of 61%).

HPG – In the base case, we forecast DQSC2 phase 1's 2025F utilization of 60%, but expect HRC ASP to drop 6% YoY (1)

For DQSC2's outlook:

- **Regarding sales volume,** our projection aligns with management's target, with a first-year utilization rate of 50-60%.
- **Regarding ASP forecasts**, we see HPG's guidance as ambitious amid a challenging market. We expect HRC ASP to decline 6%/5% YoY in 2025/2026F, as DQSC2's 1st and 2nd blast furnaces come online, respectively. We believe HPG will prioritize increasing capacity over ASP, as high utilization is key to successful new capacity.

HPG's guidance on DQSC2's utilization rates and Vietcap's forecasts

	2025F	2026F	2027F	2028F
Annual HRC capacity ('000 tonnes)				
DQSC1	2,800	2,800	2,800	2,800
DQSC2 – phase 1	2,800	2,800	2,800	2,800
DQSC2 – phase 2		2,800	2,800	2,800
HPG's guidance on DQSC2 utilization rates				
DQSC2 – phase 1	50-60%	80%	100%	100%
DQSC2 – phase 2		50-60%	80%	100%
Vietcap's forecasts for HRC utilization rates				
DQSC1	100%	100%	100%	100%
DQSC2 – phase 1	60%	80%	100%	100%
DQSC2 – phase 2		60%	80%	100%
Blended	80%	80%	93%	100%
Vietcap's forecasts for HRC sales volume ('000 tonnes)				
DQSC1	2,800	2,800	2,800	2,800
DQSC2 – phase 1	1,680	2,240	2,800	2,800
DQSC2 – phase 2		1,680	2,240	2,800
Total	**4,480**	**6,720**	**7,840**	**8,400**
YoY growth	53%	50%	17%	7%

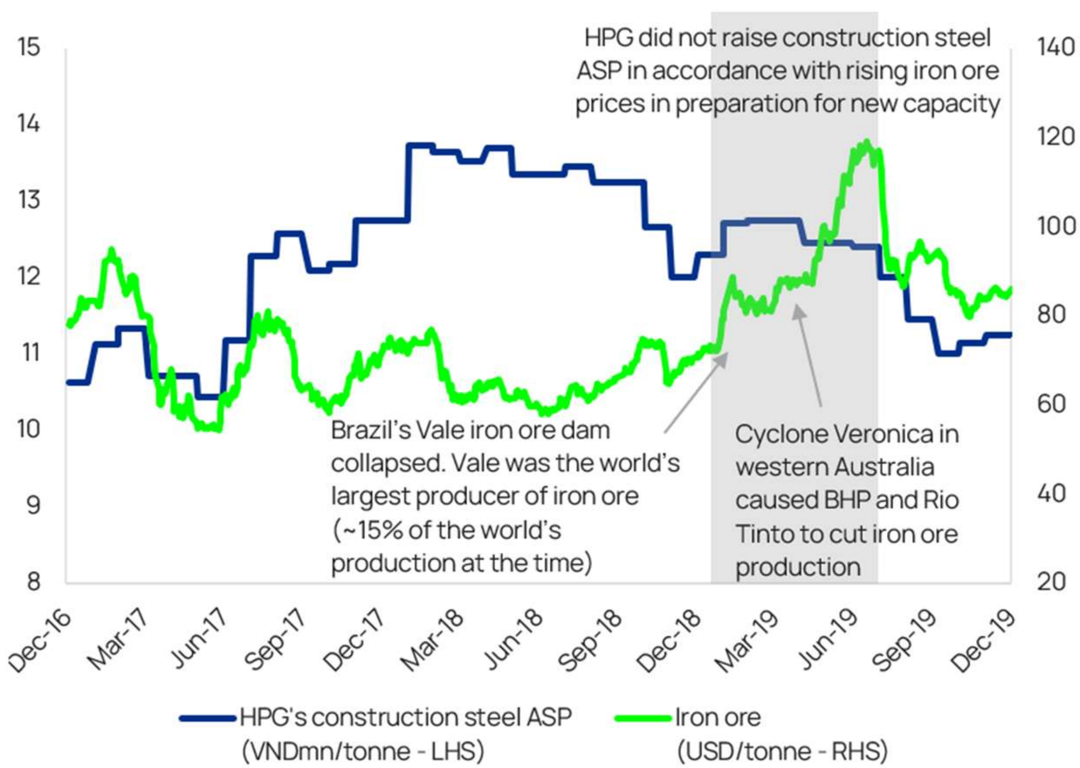
Source: HPG, Vietcap

HPG - In the base case, we forecast DQSC2 phase 1's 2025F utilization of 60%, but expect HRC ASP to drop 6% YoY (2)

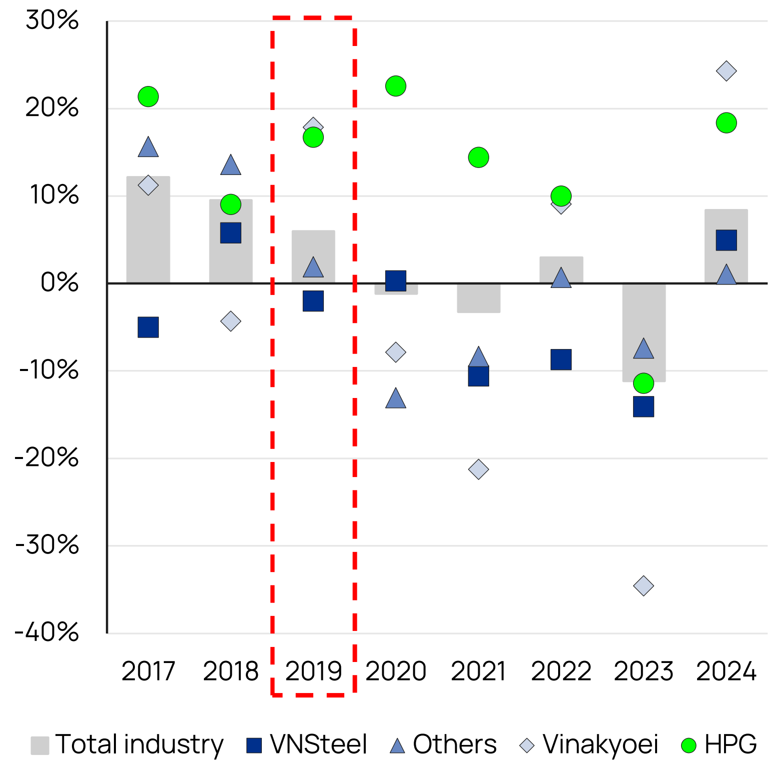
History offers a precedent on HPG prioritizing new capacity ramp-up over short-term margins:

- **In 2019, ahead of DQSC1's construction steel launch, iron ore prices surged due to supply disruptions, but HPG maintained a stable ASP, prioritizing market share and increasing capacity over short-term margins.**
- This helped HPG's construction steel market share grow to 26% in 2019 from 24% in 2018, with sales volume growing 17% YoY—3x faster than the industry average.

HPG's construction steel ASP and iron ore prices prior to DQSC1 phase 1 expansion



Growth of construction steel sales volume for total industry and key producers



Vietcap

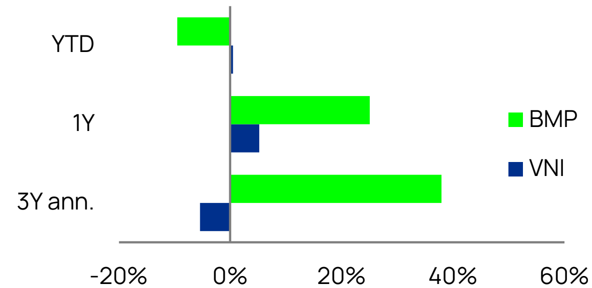
Source: HPG, Vietcap

BMP - Flat bottom line from record-high base; attractive valuation

Rating*	**BUY**
Share Price (Feb 19)	VND118,000
Target Price (TP)*	**VND130,300**
Upside to TP	+10.4%
Dividend Yield	+10.2%
TSR	**+20.6%**
Industry	Plastics
Market Cap	USD385.4mn
Foreign Room	USD63.7mn
ADTV30D	USD0.9mn
State Ownership	0.0%
Outstanding Shares	81.9 mn
Fully Diluted Shares	81.9 mn

		2024	2025F	2026F	2027F
Revenue (VND bn)		4,616	5,034	5,385	5,762
	%YoY	-10%	9%	7%	7%
NPAT-MI (VND bn)		991	1,034	975	917
	% YoY	-5%	4%	-6%	-6%
EPS	% YoY	-5%	4%	-6%	-6%
GPM		43.1%	42.3%	39.3%	36.7%
EBITDA margin		30.9%	29.2%	26.1%	23.3%
OPM		28.4%	26.9%	23.9%	21.2%
NPM		21.5%	20.5%	18.1%	15.9%
FCF/Sales		19.5%	21.6%	18.0%	15.9%
EV/EBITDA		5.5x	5.3x	5.6x	5.8x
P/E		9.8x	9.4x	10.0x	10.6x
P/B		3.6x	3.5x	3.4x	3.4x
ROE		36.8%	37.5%	34.8%	32.5%

* TP and rating last updated Sep 16, 2024



Company Overview

Established in 1977, BMP is the pioneer of Vietnam's plastic pipe industry. Currently, BMP's largest shareholder (54.4% holdings) is Nawaplastic – a subsidiary of SCG Thailand.

BMP is our top defensive pick in the construction materials sector due to its more stable earnings compared to steelmakers, solid dividend yield, a net-cash balance sheet, and its dominating 50% market share in southern Vietnam.

We forecast NPAT-MI to improve 3% YoY in 2025F from 2024F's historic high as we expect 8% volume growth from 2024's low base as the southern real estate market continues recovering. This outweighs a slight YoY compression in GPM to 42.3% from 43.1%'s historic high as we expect input prices to recover modestly, partially offset by a slightly higher ASP to pass on higher costs. We believe BMP will continue to benefit from weak construction demand in China, with favorable input prices and the ability to partially pass on higher costs due to its ~50% market share in southern Vietnam.

We view BMP as a cash cow, with a projected 2024-27F NPAT-MI CAGR of -2.6%, noting that 2024 marked a historical high for GPM and NPAT-MI due to weak input prices. Supported by high projected earnings, a robust cash flow, and a net-cash balance sheet, we expect a next-12M DPS of VND12,000, offering a high dividend yield of 10.2%. As a low-beta stock, we see BMP as a compelling defensive pick.

Given BMP's robust earnings and high dividend yield, we see the stock as attractively valued, with a 2025F P/E of 10.4x at our target price, still below the company's 3-/5-/10-year average P/Es of 12.1x/10.8x/11.1x, respectively.

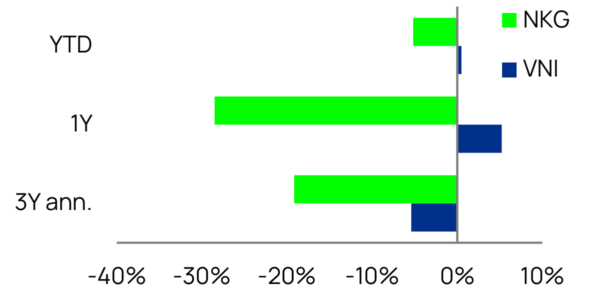
Vietcap

NKG – Domestic market to overtake exports as main driver for 2025F earnings

Rating*	**MARKET PERFORM**
Share Price (Feb 19)	VND14,000
Target Price (TP)*	**VND16,700**
Upside to TP	+19.3%
Dividend Yield	0.0%
TSR	**+19.3%**
Industry	Steel
Market Cap	USD248.8mn
Foreign Room	USD105.7mn
ADTV30D	USD2.6mn
State Ownership	0.0%
Outstanding Shares	447.6 mn
Fully Diluted Shares*	447.6 mn

	2024	**2025F**	**2026F**	**2027F**
Revenue (VND bn)	20,609	22,938	26,245	33,507
%YoY	10.8%	11.3%	14.4%	27.7%
NPAT-MI (VND bn)	451	1,038	1,119	1,425
% YoY	285%	130%	8%	27%
EPS % YoY	285%	74%	8%	27%
GPM	8.9%	9.6%	10.4%	9.9%
EBITDA margin	5.2%	7.2%	8.0%	8.0%
OPM	3.4%	5.6%	6.3%	5.9%
NPM	2.2%	4.5%	4.3%	4.3%
FCF/Sales	-9.0%	-9.4%	-3.4%	4.1%
EV/EBITDA	8.8x	5.6x	4.4x	3.5x
P/E	10.8x	6.2x	5.8x	4.5x
P/B	0.8x	0.7x	0.6x	0.6x
ROE	8.0%	14.1%	12.2%	13.8%

* TP and rating last updated September 12, 2024



Company Overview

Founded in 2002, Nam Kim Steel is one of Vietnam's largest manufacturers of galvanized steel sheets and steel pipes for use in residential, industrial and civil construction.

We expect the domestic market to overtake exports as the main driver for 2025F top-line growth. Given ongoing challenges in the global steel market (protectionism in exports markets , Chinese steel exports), we expect NKG's sales volume to be pressured in 2025F. Additionally, we believe the recovery in domestic construction demand and FDI inflows will keep domestic sales volume healthy in 2025F.

GPM to slightly improve in 2025F. In 2025F, we expect GPM to slightly improve YoY as we expect Chinese steel prices to have a slow rebound. With higher HRC prices, margins of downstream steel producers typically improve due to higher spreads, driven by higher output ASPs (as they are often adjusted based on spot prices) and lower input materials costs (due to inventory previously procured at lower costs), and vice versa. We see downside potential to our current forecasts as (1) 2024 results trailed our expectations with 2024 GPM of 8.5% vs 9.5% as expected, and (2) AD20 takes effect which raises input material costs for galvanized steel producers (either via reduced spreads if NKG keeps its ASP constant, or reduced utilization rates if NKG raises ASP to pass on higher input costs).

We expect the Nam Kim Phu My plant to go online in late Q3 2026F. In December 2024, NKG received the SSC's approval to proceed with the rights issue, broadly in line with our expectation. We expect the rights issue to be completed by early 2025, with the plant's operations starting in late Q3 2026, assuming a 21-month construction timeline.

Upside catalyst: AD19 on imported galvanized steel receives approval.

Downside risks: Below-forecast sales volume/spread.

Vietcap

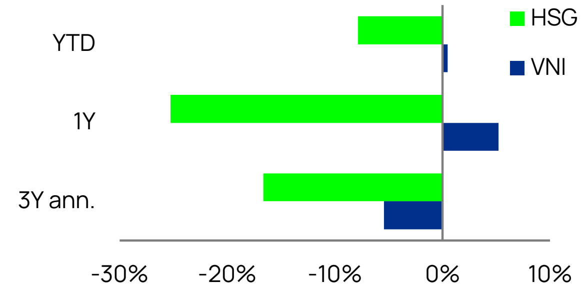
*Note:*Adjusted for recent changes in outstanding shares due to rights issue and share bonus*

HSG - Domestic market to overtake exports as main driver for FY2025F earnings

Rating*	**MARKET PERFORM**
Share Price (Feb 19)	VND17,300
Target Price (TP)*	**VND19,600**
Upside to TP	+13.3%
Dividend Yield	0.0%
TSR	**+13.3%**
Industry	Steel
Market Cap	USD421mn
Foreign Room	USD168mn
ADTV30D	USD2.8mn
State Ownership	0.0%
Outstanding Shares	621.0mn
Fully Diluted Shares	621.0mn

	FY2024	FY2025F	FY2026F	FY2027F
Revenue (VND bn)	39,272	43,751	48,607	53,162
%YoY	24%	11%	11%	9%
NPAT-MI (VND bn)	515	1,164	1,490	1,805
% YoY	1645%	131%	28%	21%
EPS % YoY	1645%	131%	28%	21%
GPM	10.9%	11.9%	12.2%	12.5%
EBITDA margin	3.6%	5.6%	5.8%	6.0%
OPM	1.1%	3.0%	3.4%	3.8%
NPM	1.3%	2.7%	3.1%	3.4%
FCF/Sales	5.1%	3.2%	3.2%	3.9%
EV/EBITDA	11.0x	6.3x	5.5x	4.9x
P/E	21.6x	9.3x	7.3x	6.0x
P/B	1.0x	0.9x	0.8x	0.8x
ROE	4.7%	9.8%	11.8%	13.3%

* TP and rating last updated September 12, 2024



Company Overview

Founded in 2001, HSG is a leading manufacturer of galvanized steel sheets (2.7-million-tonne capacity) in Vietnam. Other products include steel pipes and plastic pipes. HSG's financial year (FY) end is September 30.

We expect the domestic market to overtake exports as the main driver for FY2025F top-line growth. Given ongoing challenges in the global steel market (protectionism in exports markets , Chinese steel exports), we expect HSG's sales volume to be pressured in FY2025F. Additionally, we believe the recovery in domestic construction demand and FDI inflows will keep domestic sales volume healthy in FY2025F. In fact, HSG's stronger focus on the domestic market helped it score better QoQ top-line performance vs NKG's during Q4 CY2024 (flat vs NKG's -14% QoQ).

GPM to slightly improve in FY2025F: In FY2025F, we expect GPM to slightly improve YoY as we expect Chinese steel prices to have a slow rebound. With higher HRC prices, margins of downstream steel producers typically improve due to higher spreads, driven by higher output ASPs (as they are often adjusted based on spot prices) and lower input material costs (due to inventory previously procured at lower costs), and vice versa. We see downside potential to our current forecasts as (1) FY2024 results trailed our expectations with GPM of 10.6% vs 11.6% as expected and (2) AD20 takes effect which raises input material costs for galvanized steel producers (either via reduced spreads if HSG keeps its ASP constant, or reduced utilization rates if HSG raises ASP to pass on higher input costs).

We view HSG's current valuation as slightly overvalued. HSG's share price has declined ~30% from July's peak, reflecting the negative outlook for the global steel market, including in Vietnam, driven by weak demand from China. The Chairman of Baoshan, the world's largest steel producer, has warned that the current crisis could be "longer, colder, and more difficult" than the downturns in 2008 and 2015. Despite the price correction, we believe HSG remains relatively overvalued, trading at FY2025F P/Es of 9.4x, above its 5-year average P/E (excl. earnings stress periods) of 8.0x+.

Upside catalyst: AD19 on imported galvanized steel is approved. **Downside risks:** Below-forecast sales volume/spread.

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Industrial Manufacturers

Steady rebound driven by cautious restocking

February 2025

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Summary

Restocking among major markets drives Vietnam's export rebound

- Export orders for Vietnamese manufacturers are on track to rebound, largely due to restocking activity amid healthier inventory levels among distributors and retailers.
- ASPs for export orders remain subdued, as distributors/retailers are exerting pressure on price reductions to stimulate demand, and to share cost burdens (i.e., shipping costs).
- Manufacturers have seen orders gradually coming back.
- Consensus reflects an improving outlook for the US, while maintaining a cautious stance for China.

Other indicators suggest a gradual recovery of exports in 2025

- Recovering chip sales, coupled with manufacturers' improving inventory levels, should boost yellow phosphorus demand.
- US mortgage rates are cooling but remain high, setting the stage for a gradual recovery in housing permits and, consequently, furniture imports.
- Cooling inflation is supporting US consumer confidence while weak consumer sentiment threatens deflation in China.
- We expect high-single-digit growth for textiles and mid-teen growth for wooden furniture products.
- Commodity prices are recovering slower than expected.

Downside risks

- Weaker-than-expected Chinese demand resulting in prolonged deflation and softer commodity prices.
- Vietnam: Weaker VND could lead to large FX losses for companies with unhedged exposure.

Stock picks

- **DGC**: Rebounding yellow phosphorus demand and contributions from new projects are set to drive growth.

Industrials: Key data and summary valuations

Key data

Ticker	Rating	Market Cap USD mn	State O'ship %	Foreign Limit %	Foreign Avail. USD mn	ADTV 30D USD mn	Share Price VND ps	Target Price VND ps	Target price updated	Upside %	Div. Yield %	12M TSR %
STK	O-PF	102	0%	100%	85	0.1	26,950	25,500	17-Jan-25	-5.4%	0.0%	-5.4%
PTB	O-PF	160	0%	25%	3	0.3	60,900	80,700	09-Jul-24	32.5%	5.6%	38.1%
ACG	M-PF	230	0%	50%	26	0.0	38,900	48,800	27-Jun-24	25.4%	5.7%	31.1%
DRC	M-PF	134	51%	49%	54	0.6	28,700	33,800	28-Aug-24	17.8%	5.2%	23.0%
DGC	BUY	1,607	0%	49%	513	5.4	108,000	132,000	10-Feb-25	22.2%	3.2%	25.5%
DHC	O-PF	110	0%	50%	11	0.4	35,000	42,100	11-Sep-24	20.3%	4.9%	25.1%

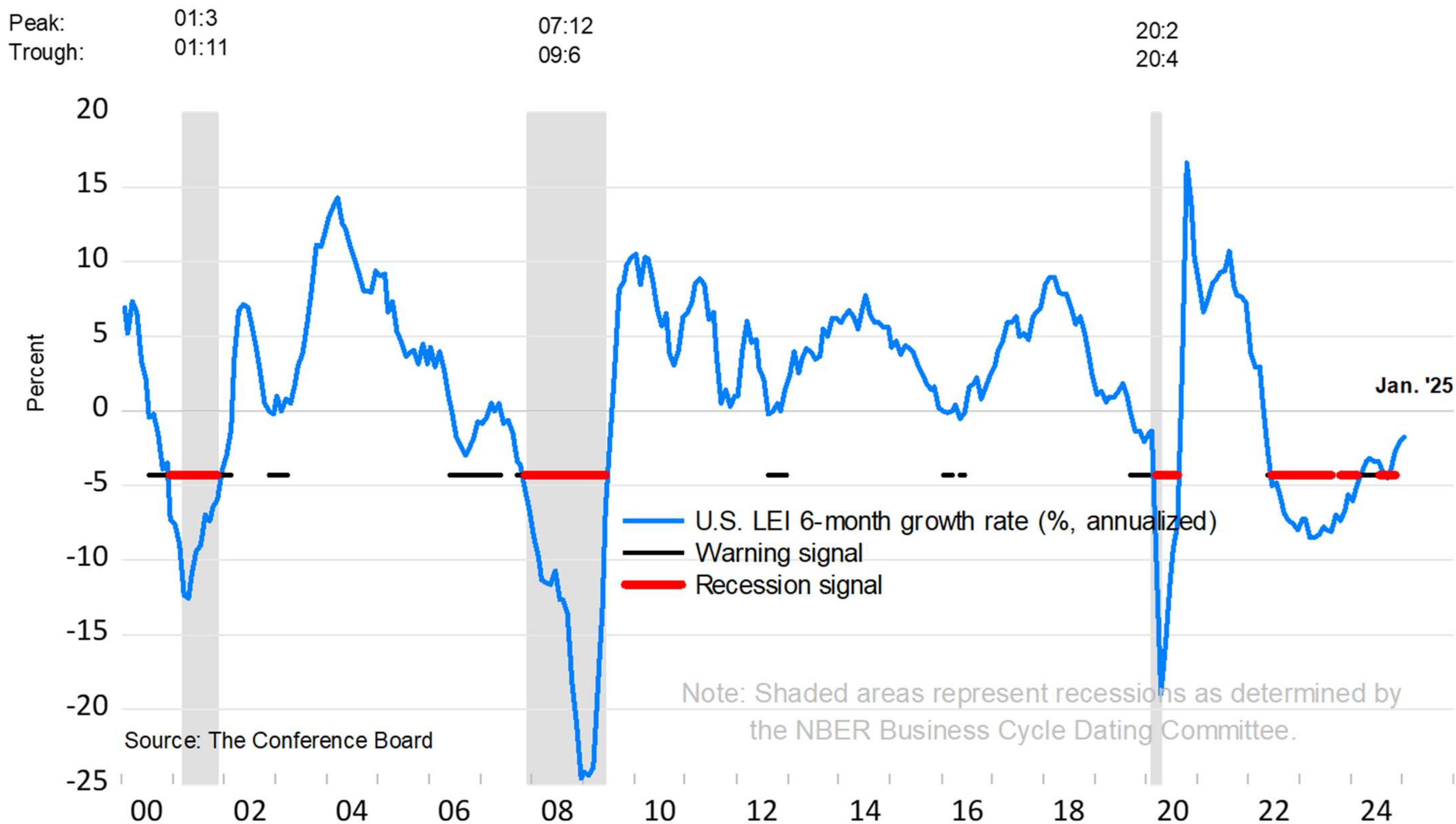
Summary valuation

Ticker	Share price VND ps	EPS g 2024%	EPS g 2025F %	EPS g 2026F %	P/E 2024 x	P/E 2025F x	P/E 2026F x	EV/ EBITDA* 2025F x	ROE 2025F %	P/B LQ x	Net D/E LQ x
STK	26,950	-48%	74%	79%	56.4x	32.4x	18.1x	11.5x	5%	1.5x	1.1x
PTB	60,900	50%	75%	6%	11.9x	6.8x	6.4x	5.0x	19%	1.4x	0.7x
ACG	38,900	2%	53%	15%	14.0x	9.6x	8.4x	6.2x	14%	1.3x	-0.2x
DRC	28,700	3%	13%	4%	13.5x	12.0x	11.5x	8.6x	14%	1.8x	1.1x
DGC	108,000	-4%	27%	13%	14.7x	11.6x	10.2x	8.6x	25%	3.2x	-0.6x
DHC	35,000	-22%	49%	26%	11.5x	7.8x	6.2x	5.5x	17%	1.4x	0.2x

Vietcap

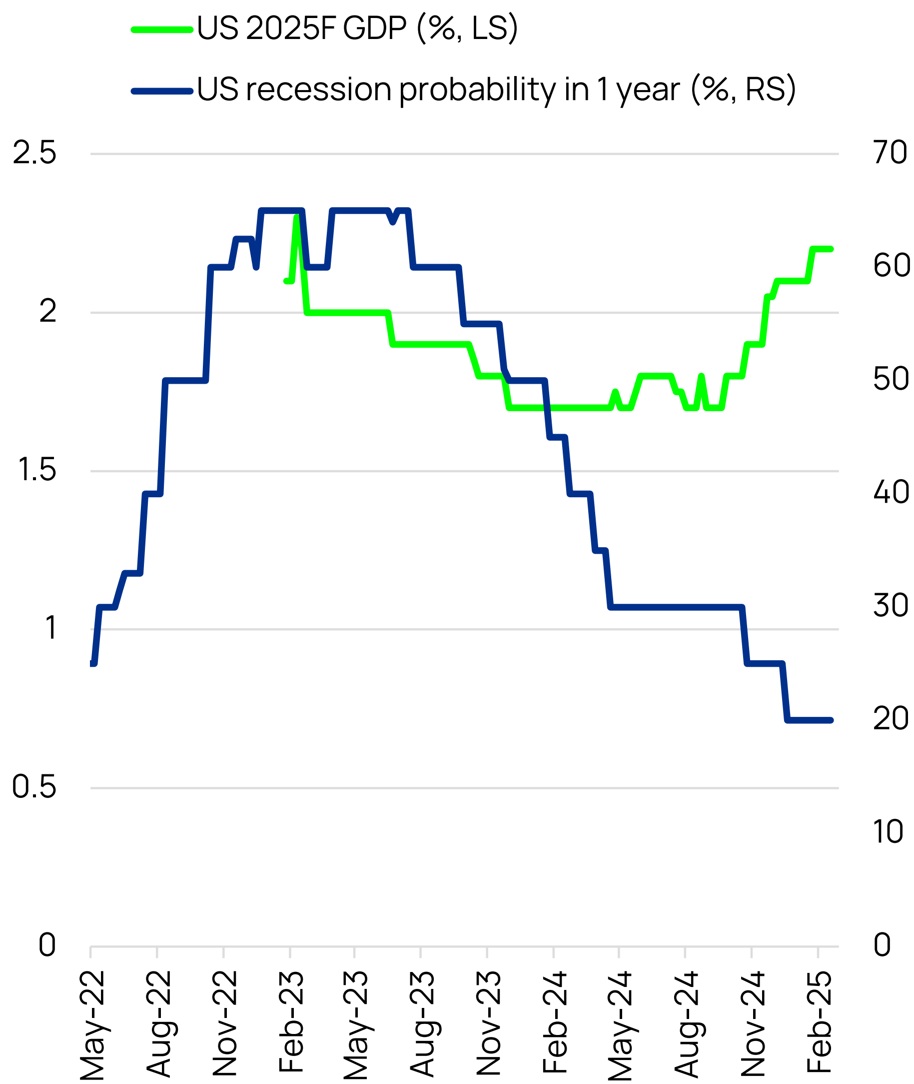
Note: Share prices as of February 19, 2025.
Source: Company data, Vietcap

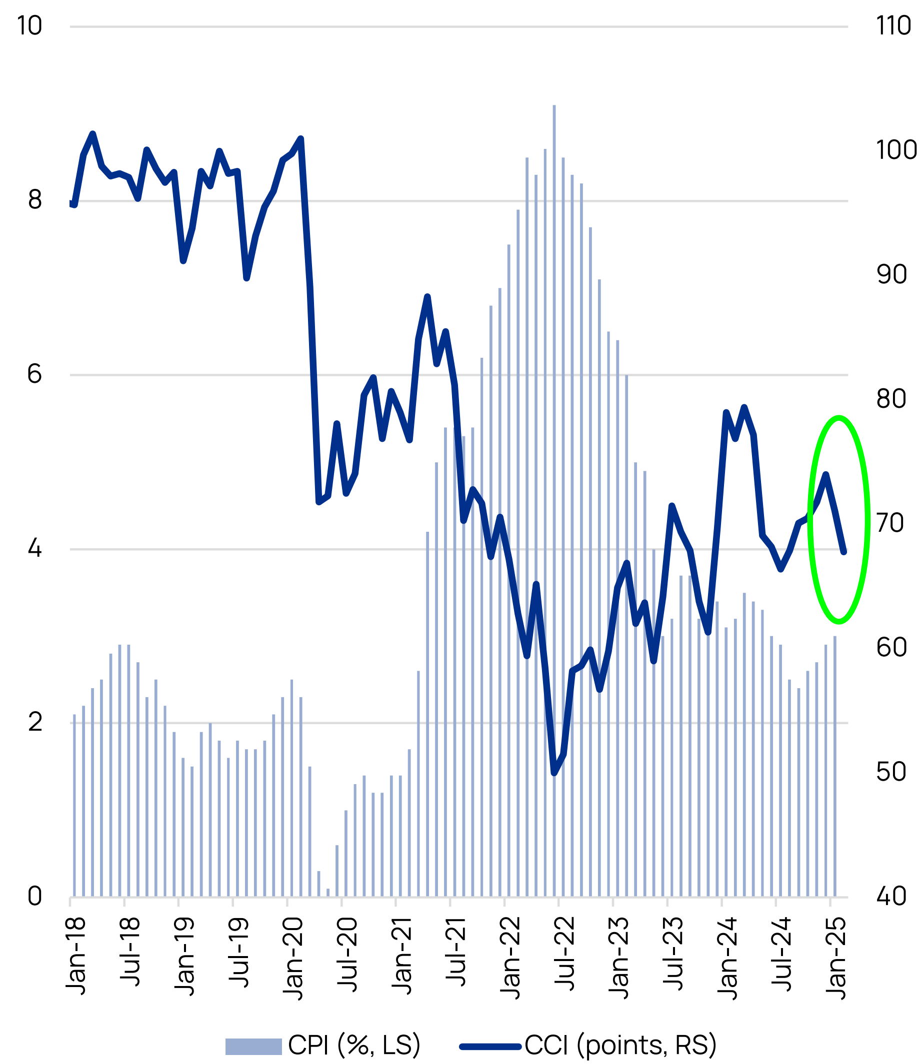
US Leading Economic Indicators (LEI) has been improving, signaling milder downside risks to growth



Vietcap

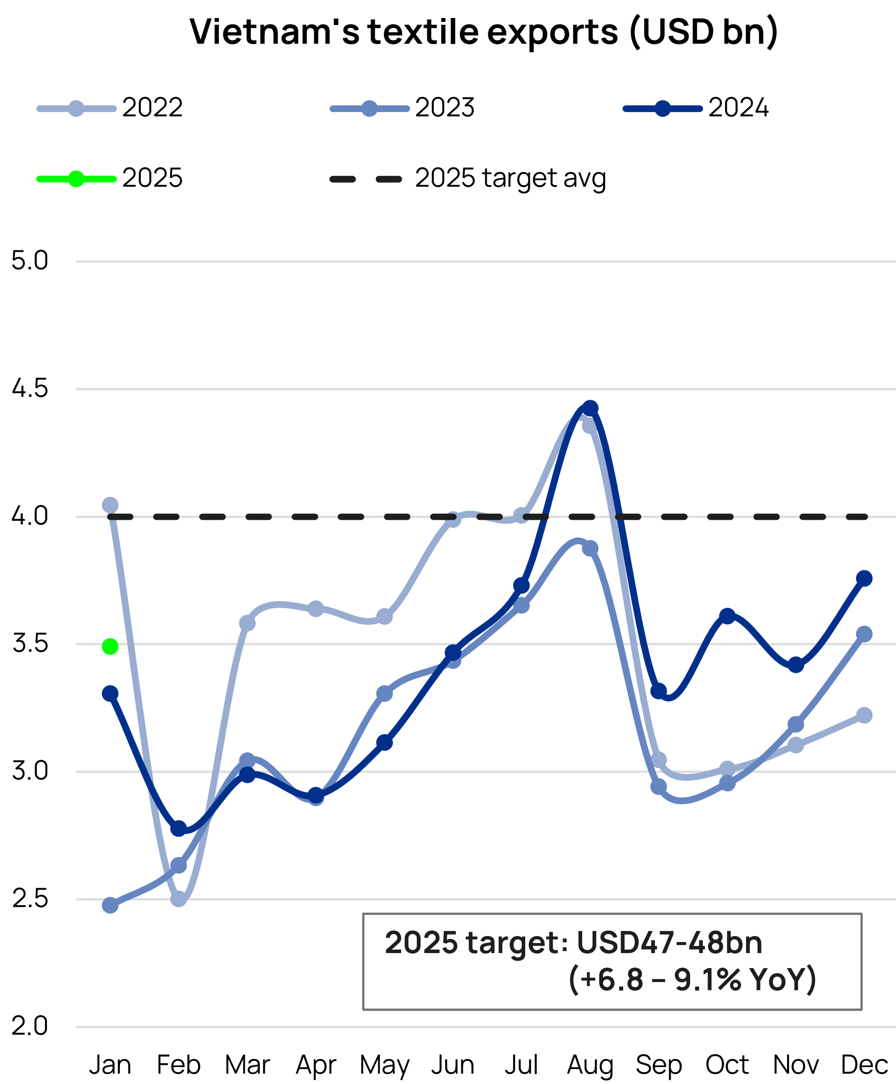
Bloomberg consensus indicates an improving US outlook, but consumer confident index dips on rising CPI

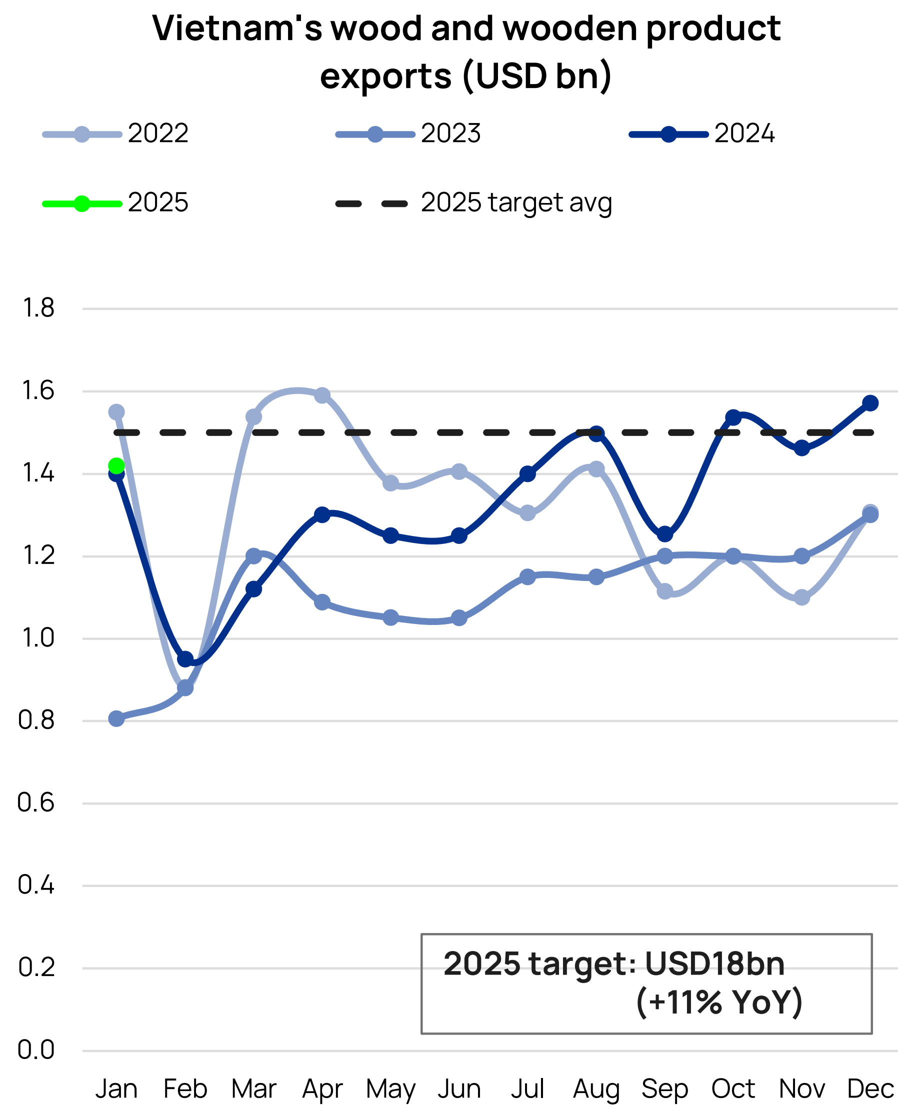




Source: Bloomberg, Vietcap

Vietnam's textile and wooden product exports



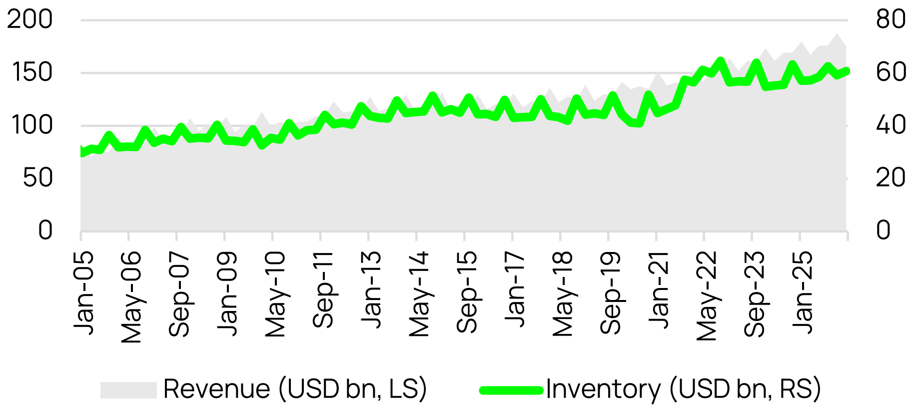


Source: General Statistics Office of Vietnam (GSO), Industry associations' targets, Vietcap

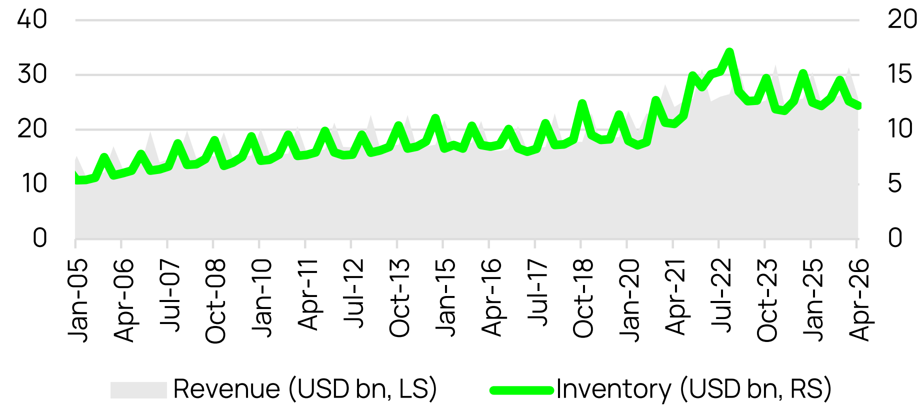
Manufacturers’ inventory levels are entering healthy territory, but brands and retailers remain cautious

Quarterly revenue and inventory *

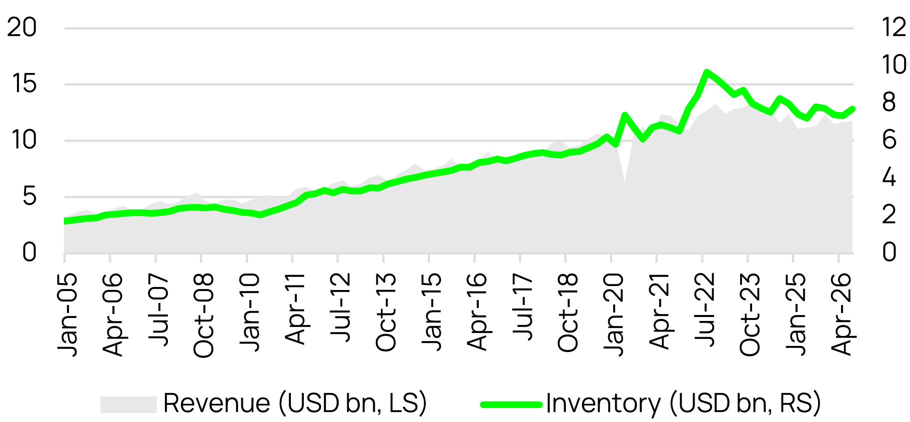
Walmart



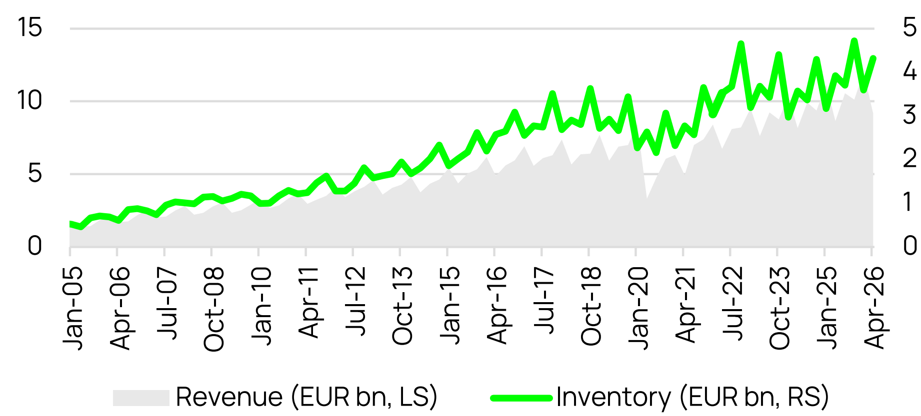
Target



Nike



Inditex



Vietcap

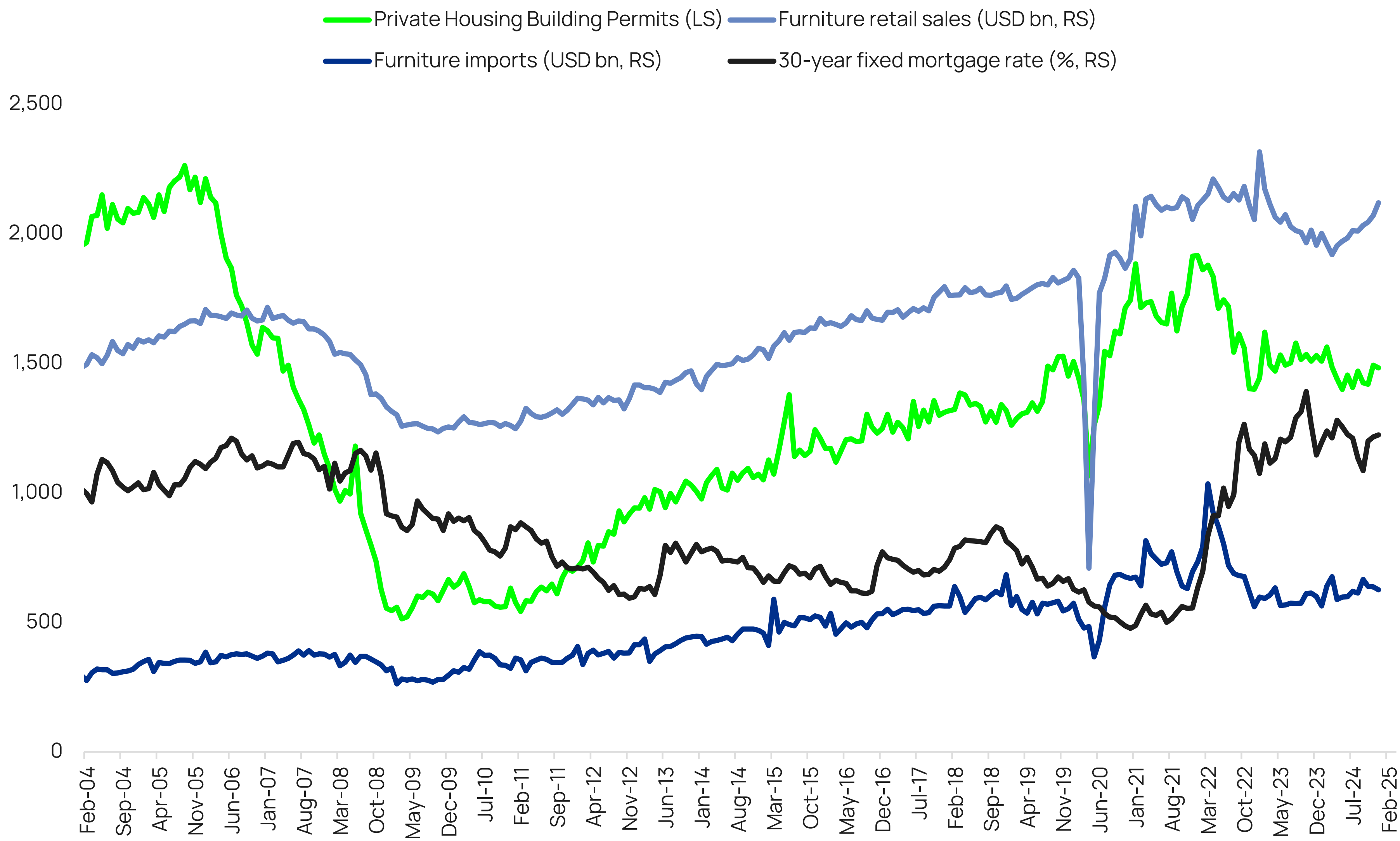
*Source: Bloomberg, Vietcap. Note: *Data for forward periods are Bloomberg consensus estimates.*

Comments from Vietnam's textile associations and company management teams as of Q1 2025

VND bn	Management comments on orders/demand outlook
VGG	N/A
TNG	In 2024, TNG has become one of Decathlon's top three suppliers and completed major clients' (i.e. Walmart, Sainsbury's, Lidl, and H&M) quality assessments. The company has received orders until Q2 2025, driven by anticipated demand from both new clients (i.e., H&M and Walmart) and established partners (i.e., Asmara, Decathlon, and Sportmaster).
MSH	Major brands such as Express, Nike, and Adidas are restructuring and exerting pressure on prices amid high shipping costs. Expecting a fully order and price recovery in 2025. For 2025F, MSH guides for revenue of VND5.5tn (+4% YoY) and PBT of VND600bn (+11% YoY).
HTG*	For 2025F, HTG guides for revenue of VND5tn (+2% YoY) and PBT of VND350bn (+4% YoY)
M10*	2025 orders have been fulfilled up to Q2, but management is concerned about stringent requirements from European clients. The company expects further improvements in 2025.
TCM	The company is receiving orders for Q2 2025. Trade policies of President Trump remain a critical factor for export-oriented textile companies. Any changes in tariffs could impact TCM, given that US is a major export market.
Eclat Textile**	Optimistic, driven by stronger order growth from mid-sized and high-priced brand clients. Rush orders are declining, and clients are placing more of long-term orders.
Makalot**	N/A
PPH*	N/A
STK	For 2025F, STK guides for revenue of VND3.3tn (+170% YoY) and NPAT of VND310bn (+579% YoY). Automatic quality control (QC) systems has been fully replaced by manual QC. The Unitex factory is set to commence operations in Q2 2025, with a more diversified product range compared to current factories.
GIL	GIL still suffers from its concentration of revenue to Amazon, which canceled major orders to GIL. Current orders are also under pressure from customer price reductions.

*Source: Local media, Company data, FiinPro, Vietcap. Note: *Vinatex's associates and subsidiaries; **FDI companies that also operate outside Vietnam – data converted from TWD to VND..*

Gradual easing US mortgage rates in 2025 should support recovery in housing permits, boosting furniture imports



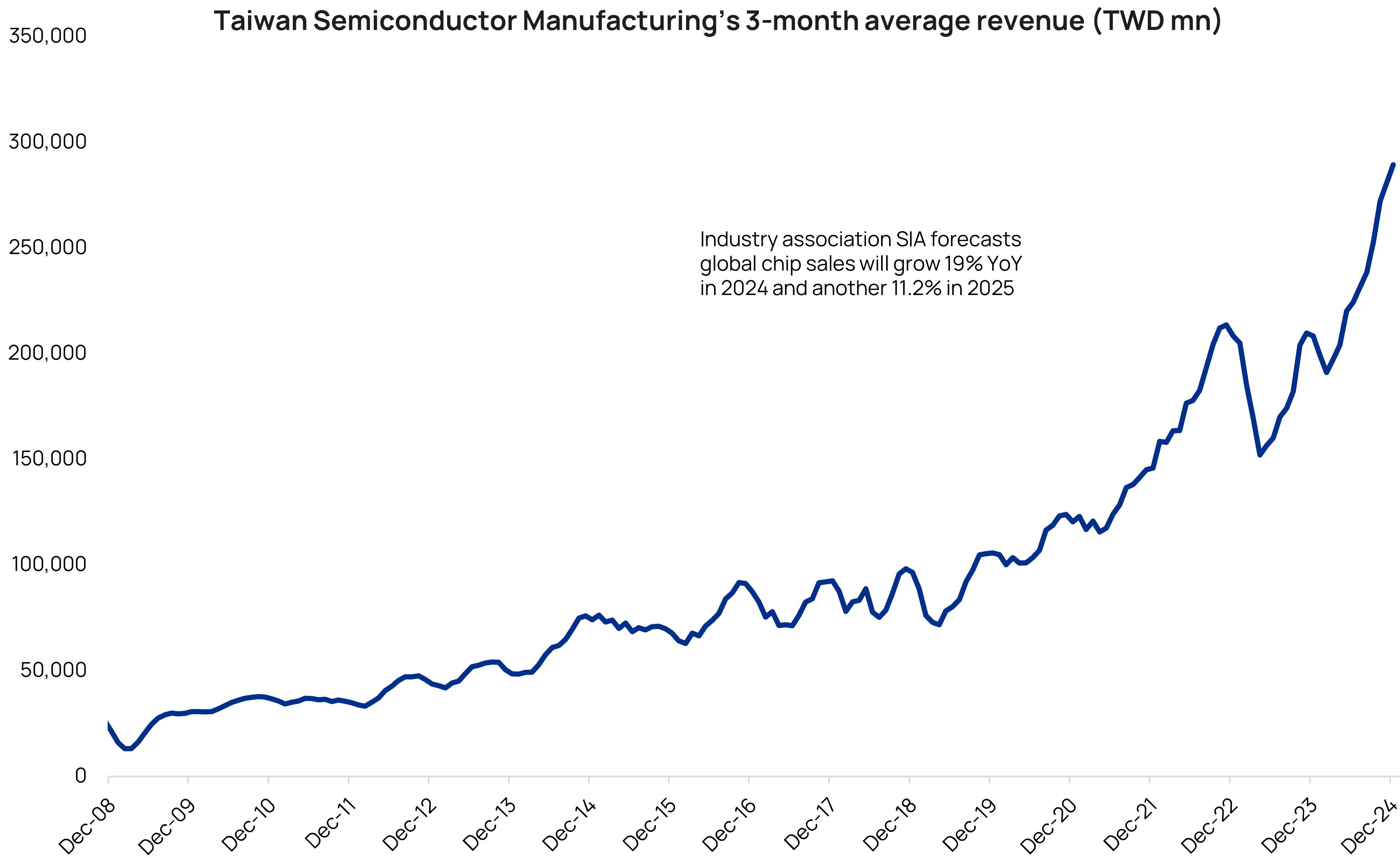
Source: US Census Bureau, retail sales data is seasonally adjusted

Comments from Vietnam's wooden associations and company management teams as of Q1 2025

Company/Association	Comments on business outlook
Vietnam Wood and Forest Product Association Ho Chi Minh City Handicraft and Wood Industry Association	Despite facing challenges such as stricter regulations on deforestation, anti-dumping investigations, and stricter regulations on the legal origin of wood in major export markets, the wood export industry set an export target of USD18bn (+11% YoY) in 2025. Expecting both opportunities and challenges with significant changes expected in international trade policies, especially in major markets like the US, to achieve 2025 target.
Vietnam Chamber of Commerce and Industry - Ho Chi Minh City Branch	Acknowledges that President Trump's policies led to trade balance adjustments, impacting Vietnamese exports to the US in his previous term. Expecting Vietnam to benefit particular from high tariffs that the US can impose on goods from China. International businesses are likely to shift their supply chains to neighboring countries, with Vietnam being a potential destination.
Hiep Long Ltd. (Wooden product, Binh Duong Province)	Expecting positive impacts from President Trump's second term. The US might impose high import tariffs (10-60%) for Chinese wooden products. Expecting Vietnamese products may benefit from relatively lower tariff rates.
PTB (Wooden products & paving stone, southern Vietnam)	Wood segment: Remaining optimistic, expecting a continuing upward trajectory in the wood segment in 2025 amid the US market's demand recovery. Stone segment: Facing challenges from high shipping costs amid intense competition. Revenue of ~VND100bn (USD4mn) is anticipated in Q1 2025 from paving stone supply contracts for Noi Bai Terminal 2, with upcoming bids for paving stone supply contracts at Long Thanh Airport (LTA) and Tan Son Nhat Airport (SGN) still pending.

Source: Local media, Company data, FiinPro, Vietcap.

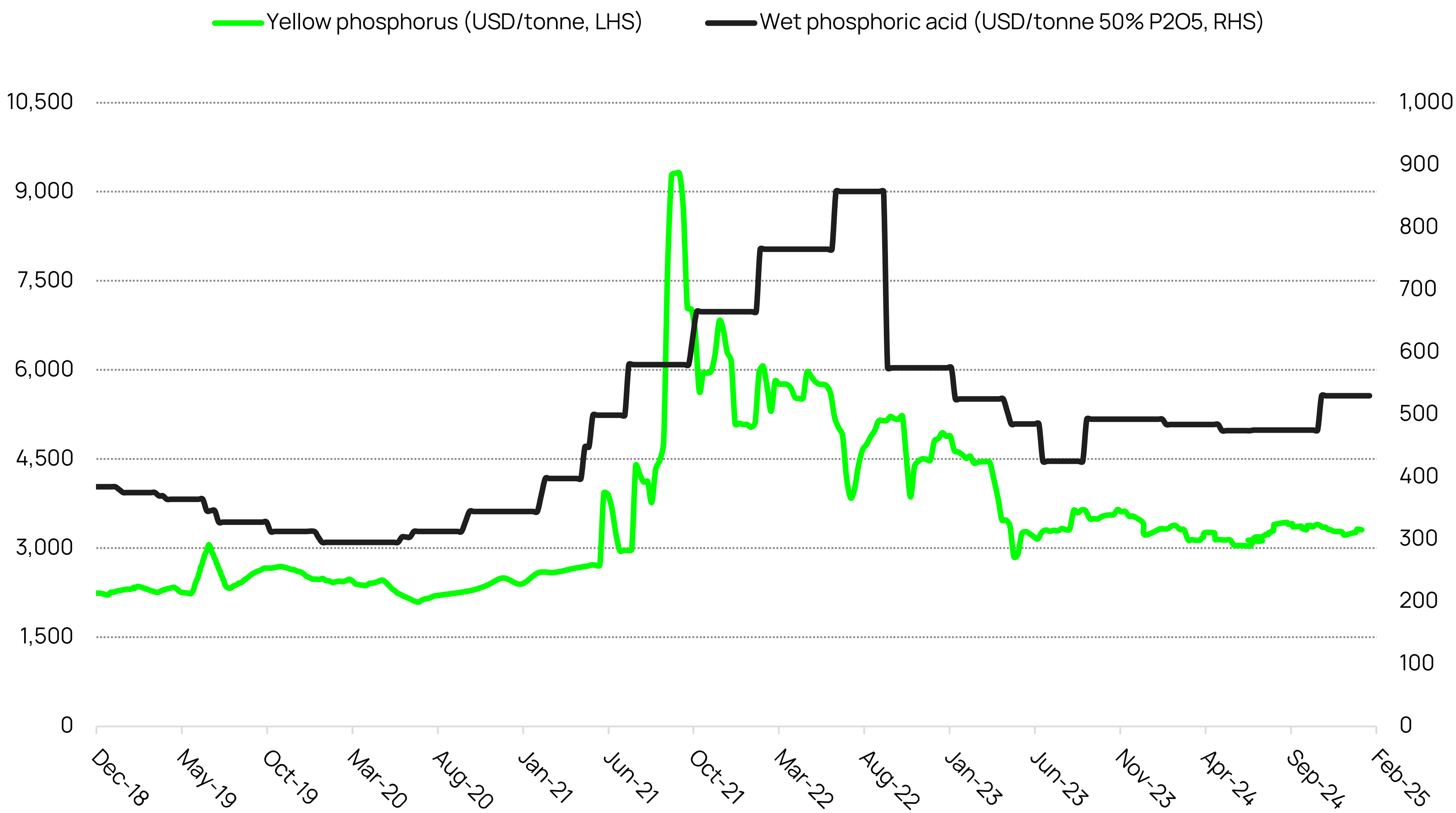
Rising chip sales and manufacturers' improving inventory levels should boost yellow phosphorus demand



Vietcap

Source: Sunsirs, Green Market, Vietcap

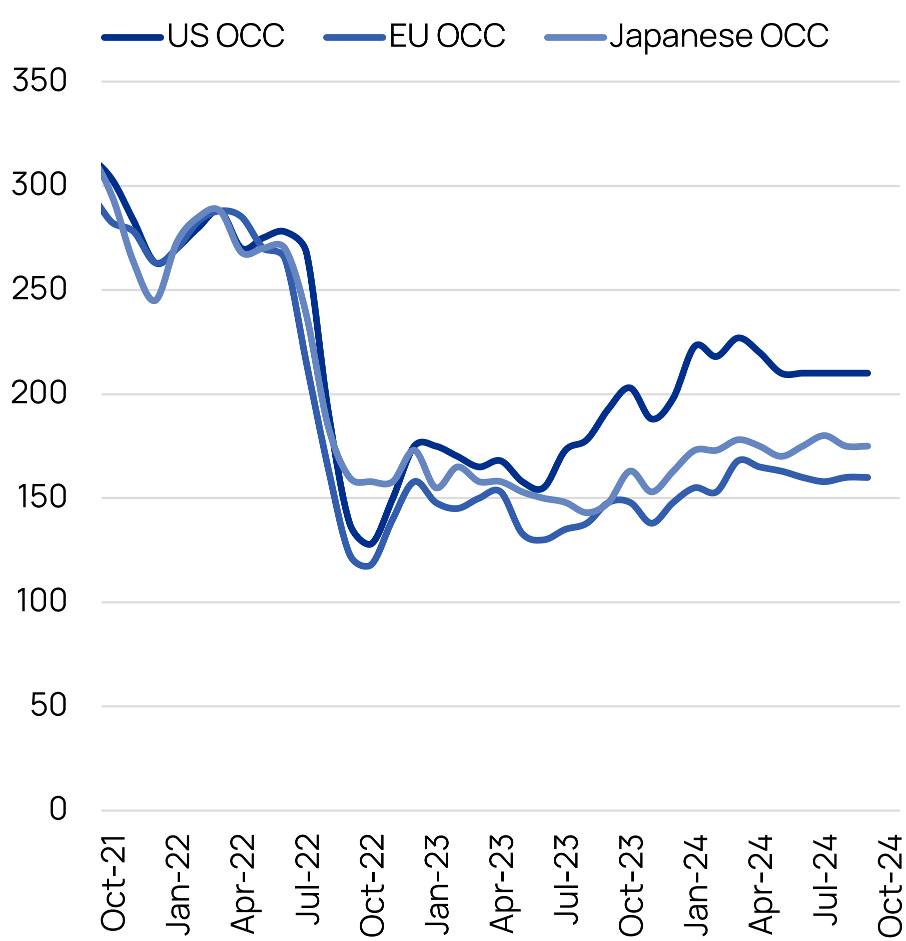
P4 and WPA prices have modestly recovered since mid-2023, with demand-driven gains expected by 2025



Source: Sunsirs, Green Market, Vietcap

Expecting a smaller increase in OCC prices relative to paper prices, leading to an expanded price spread

Prices of imported old corrugated containers in Southeast Asia (USD/tonne)

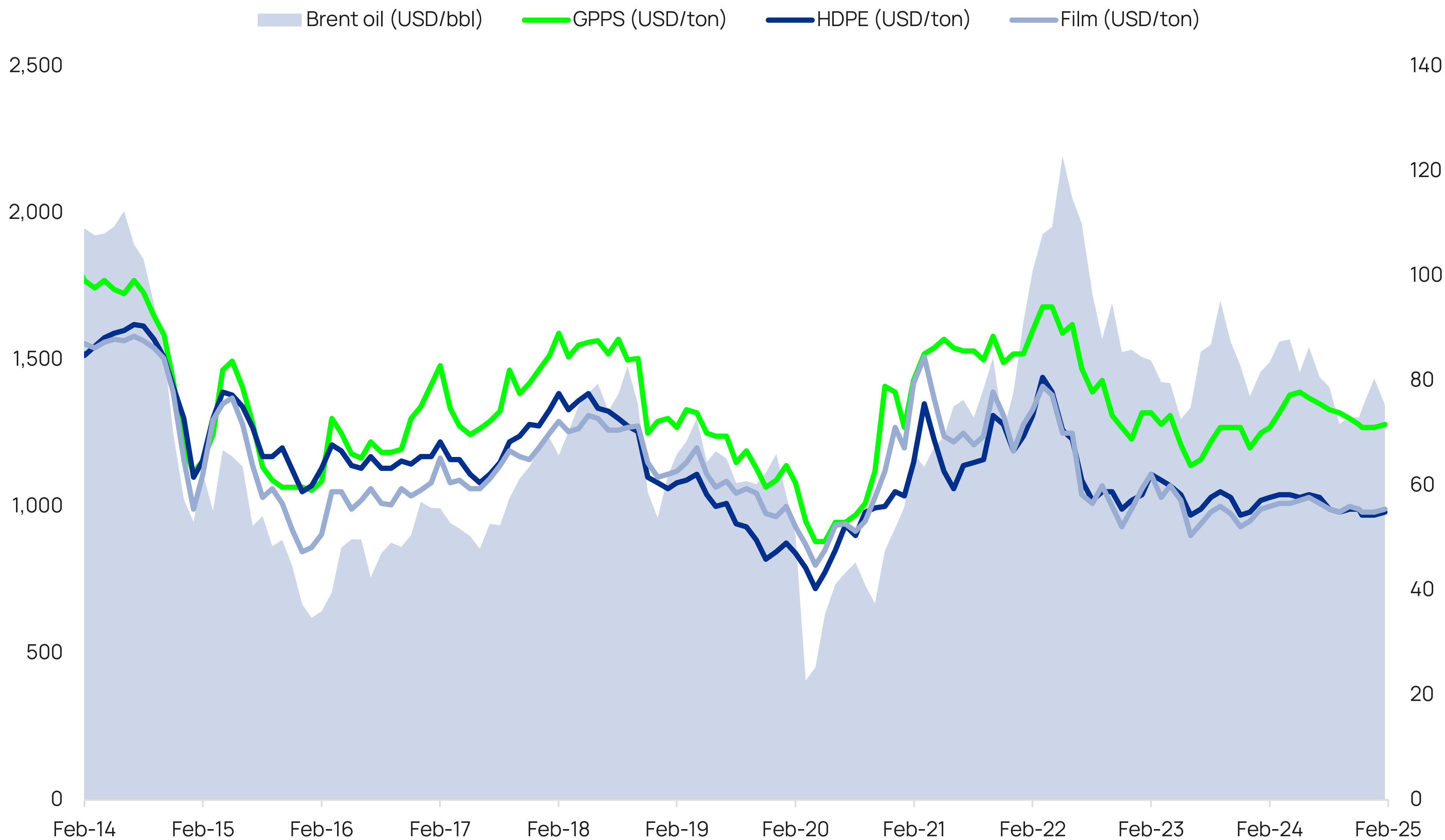


Carton paper prices in southern Vietnam (VND/kg)

Vietcap

Source: Vietnam Pulp and Paper Association, Vietcap

Softening GPPS prices favor TLG's profitability



Vietcap

Source: Sunsirs, Green Market, Vietcap. Note: GPPS stands for General Purpose Polystyrene, HDPE stands for High Density Polyethylene.

Revenue exposure to USD and exports

Company	Export demand exposure in revenue	COGS USD exposure	USD debt
DHC	50%	Imported old corrugated containers: 40% of COGS	Small
STK	100%	Imported PET chips: 60% of COGS	USD45mn, 70% of total debt
PTB	70%	Small	Small
DGC	75%	40% of COGS for coke, sulfur, and ammonia imports.	Small
DRC	65%	Imported raw materials: 30% of COGS	Small
ACG	20%	Small	None

Vietcap

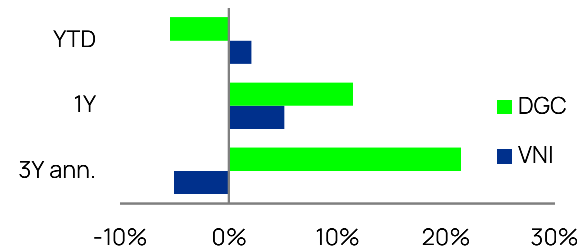
Source: Above companies, Vietcap forecasts

DGC - Demand recovery, new projects to bolster 2025-26F earnings

Rating*	**BUY**
Share Price (Feb 19)	VND108,000
Target Price (TP)*	**VND132,000**
Upside to TP	+22.2%
Dividend Yield	3.2%
TSR	**+25.5%**
Industry	Chemical
Market Cap	USD1.6bn
Foreign Room	USD513mn
ADTV30D	USD5.4mn
State Ownership	0.0%
Outstanding Shares	380 mn
Fully Diluted Shares	380 mn

		2024	**2025F**	**2026F**	**2027F**
Revenue (VND bn)		9,865	12,273	14,967	16,159
	%YoY	1%	24%	22%	8%
NPAT-MI (VND bn)		2,989	3,773	4,269	4,823
	% YoY	-4%	26%	13%	13%
EPS	% YoY	-4%	27%	13%	13%
GPM		35.5%	35.3%	32.5%	34.0%
EBITDA margin		32.5%	32.7%	30.8%	32.2%
OPM		28.7%	29.3%	27.1%	28.5%
NPM		30.3%	30.7%	28.5%	29.8%
FCF/Sales		26%	21%	21%	30%
EV/EBITDA		9.7x	8.6x	6.7x	6.0x
P/E		14.7x	11.6x	10.2x	9.0x
P/B		3.2x	2.6x	2.2x	1.9x
ROE		23.2%	25.4%	24.6%	23.8%

* TP and rating last updated February 10, 2025



Company Overview:
Duc Giang Chemicals Group is Vietnam's leading producer of phosphorus chemicals, which serve agricultural and electronic applications, among others. In addition, DGC is set to become the country's preeminent player in chlor-alkali-vinyl chemicals, which are crucial to the general manufacturing and construction sectors.

We project IPC sales volume (in phosphorus content) to grow 8% YoY to 65,166 tonnes in 2025F. This is driven by strong electronics and lithium battery industry demand. Notably, SIA forecasts global chip sales to grow by 11.2% YoY in 2025, with chip manufacturers' high inventories declining to healthy levels since Q3 2024, and so we expect an uptick in orders from these customers.

We project 2025F IPC ASP to rise 5% YoY. We estimate DGC's current IPC P4 to be around USD4,100/tonne.

DGC's ethanol factory has commenced operation. We maintain our projection for the ethanol factory to operate at 100% utilization in 2025F. The ethanol factory's full capacity includes 64,000 cbm of ethanol sold at VND20mn/cbm and VND200bn from by-products, translating to a projected NPAT of VND300bn p.a. in 2025/26F.

We expect chlor-alkali operations in 2026. The project's groundbreaking was on February 17, 2025. PVChem is set to absorb 30-40% of the plant's output. We project contributions of VND0bn/VND340bn to 2025F/26F NPAT vs our previous forecast of VND340bn p.a.

Our target price puts DGC's 2025F P/Es at 12.6x, higher than the 10-year average of DGC's TTM P/E of 9.9x. We believe DGC merits a valuation above the average as it recovers earnings and benefits from contributions from new projects.

Downside risks: Stronger-than-expected compression in market price spreads, delays in the chlor-alkali project, and unfavorable changes in phosphorus export policies.

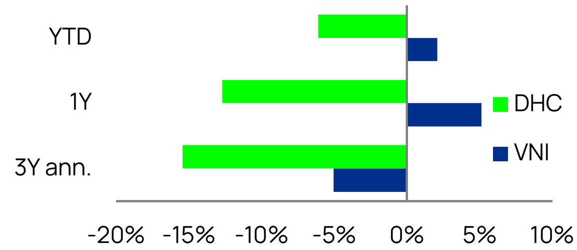
Vietcap

DHC - Gradual improvement in price spread

Rating*	**OUTPERFORM**
Share Price (Feb 19)	VND35,000
Target Price (TP)*	**VND42,100**
Upside to TP	+20.3%
Dividend Yield	4.9%
TSR	**+25.1%**
Industry	Packaging Paper
Market Cap	USD110mn
Foreign Room	USD11mn
ADTV30D	USD0.4mn
State Ownership	0.0%
Outstanding Shares	80.5 mn
Fully Diluted Shares	80.5 mn

		2024	2025F	2026F	2027F
Revenue (VND bn)		3,597	3,921	4,188	7,146
	%YoY	10%	9%	7%	71%
NPAT-MI (VND bn)		242	369	466	845
	% YoY	-22%	49%	26%	82%
EPS	% YoY	-22%	49%	26%	82%
GPM		11.8%	15.1%	16.9%	18.4%
EBITDA margin		10.4%	13.3%	15.0%	17.1%
OPM		7.6%	10.9%	12.7%	14.4%
NPM		6.7%	9.4%	11.1%	11.8%
FCF/Sales		12.9%	-5.8%	-3.2%	-3.4%
EV/EBITDA		8.1x	5.5x	4.9x	2.5x
P/E		11.5x	7.8x	6.2x	3.4x
P/B		1.4x	1.2x	1.1x	0.9x
ROE		12.7%	17.3%	19.2%	28.9%

* TP and rating last updated September 11, 2024



Company Overview

Dong Hai Ben Tre (Dohaco) is a medium-sized packaging paper company in Vietnam with a 2020 market share of ~5%, per our estimate. DHC owns two recycled paper mills and a packaging factory in Ben Tre Province in southern Vietnam. DHC's main products include packaging papers and corrugated carton boxes.

We project 2025F GPM to improve by 2.4 ppts YoY, driven by a gradual recovery in the price spread and the absence of low-margin steel trading activities. We expect a modest paper price increase in 2025F, supported by a further rebound in Vietnam's trade activities and domestic consumption, particularly during the holiday season. While we expect lower OCC prices, aided by a favorable USD/VND exchange rate and declining shipping costs.

We project carton box factories' utilization to reach 70% in 2025F, bolstered by recovering export activities and improved domestic purchasing power. In H1 2024, the two carton box factories operated at ~65% capacity (vs 30% in 2023). Management expects these factories to reach full utilization within the next two to three years. Additionally, construction of the third carton box factory is planned to begin in 2025, with an estimated investment of VND250bn.

Giao Long 3 (GL3) update: The GL3 investment approval has been completed, and the project is awaiting a construction permit: The GL3's capex is VND1.8tn, with a designed capacity of 1,000 tonnes/day and construction is set to begin in Q1 2025, with operations targeted for Q3 2027. Additionally, we anticipate DHC to execute its private placement - with proceeds used to fund the GL3 project - in mid-2025.

DHC's valuation looks attractive at a 2025F P/E of 7.8x, 27% lower vs its 10-year average of 10.7x.

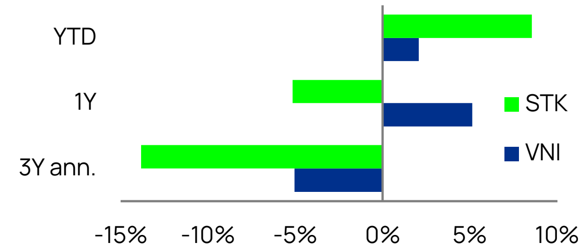
Downside risk: Pressure on selling prices caused by capacity additions by competitors.

STK – Order recovery underway, with quality control system resolved to drive earnings rebound

Rating*	**OUTPERFORM**
Share Price (Feb 19)	VND26,950
Target Price (TP)*	**VND25,500**
Upside to TP	-5.4%
Dividend Yield	0.0%
TSR	**-5.4%**
Industry	Textile
Market Cap	USD102mn
Foreign Room	USD85mn
ADTV30D	USD0.1mn
State Ownership	0.0%
Outstanding Shares	96.6 mn
Fully Diluted Shares	110.1 mn

	2024	**2025F**	**2026F**	**2027F**
Revenue (VND bn)	1,210	2,078	2,614	3,064
%YoY	-15%	71%	26%	17%
NPAT-MI (VND bn)	46	86	164	271
% YoY	-48%	86%	90%	65%
EPS % YoY	-48%	74%	79%	65%
GPM	13.3%	12.4%	12.0%	13.8%
EBITDA margin	16.6%	16.4%	17.2%	18.1%
OPM	8.0%	7.3%	8.6%	10.7%
NPM	3.8%	4.1%	6.3%	8.8%
FCF/Sales	-64%	8%	8%	11%
EV/EBITDA	20.3x	11.5x	9.1x	7.4x
P/E	56.4x	32.4x	18.1x	11.0x
P/B	1.5x	1.4x	1.3x	1.2x
ROE	2.7%	4.5%	7.6%	11.7%

* TP and rating last updated January 17, 2025



Company Overview:
STK is one of the two leading manufacturers of polyester filament yarn in Vietnam that target the medium and high-end segments. It primarily markets its yarn to global fabric producers. STK acts as a supplier in the supply chains for fashion brands such as Adidas, Nike and Puma.

We project 2025F/26F NPAT-MI growth of 86%/90% YoY, respectively, from 2024F's low base. We foresee upside potential to our forecast as automatic quality control has been fully replaced by manual QC in Q1 2025 – sooner-than-expected, eliminating constraints on actual sales vs received volume.

In Q1 2025, STK has received orders of ~5,600 tonnes for Q1 2025, with additional orders still coming in for March. The company expects Q1 2025 sales volume to slightly improve QoQ vs Q4 2024 of ~6,300 tonnes, with a higher contribution from recycled yarn. In Q2 2025, the company expects orders to increase by 50% vs Q4 2024.

Unitex factory (+60% capacity) update: Construction is nearly complete, with minor finishing work left on main machinery and equipment. The company expects final approvals for construction and firefighting to complete by Q2 2025. Currently, Unitex is in the trial phase, processing yarn under a subcontracting contract. Unitex is more automated with more diversified products vs existing factories.

We see upside for STK's stock price in the medium term. Although weak short-term earnings result in high respective 2024F/25F P/Es of 134.5x/27.7x (vs the 5Y average of 15.2x), we forecast a 2024F-27F EPS CAGR of 143% from a low base.

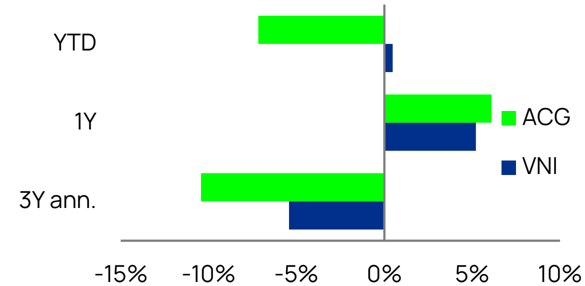
Downside risks: Weaker-than-expected end-consumer demand in key economies; Vietnam losing market share in fabric and yarn; loss of STK's key recycled input supplier Unifi; weaker-than-expected orders from Unitex; USD/VND appreciation.

ACG - Slower-than-expected domestic recovery

Rating*	**MARKET PERFORM**
Share Price (Feb 19)	VND38,900
Target Price (TP)*	**VND48,800**
Upside to TP	+25.4%
Dividend Yield	5.7%
TSR	**+31.1%**
Industry	Basic materials
Market Cap	USD235.2mn
Foreign Room	USD26.9mn
ADTV30D	USD0.0mn
State Ownership	0.0%
Outstanding Shares	150.8 mn
Fully Diluted Shares	150.8 mn

	2024	2025F	2026F	2027F
Revenue (VND bn)	3,981	4,287	4,774	5,304
%YoY	6%	8%	11%	11%
NPAT-MI (VND bn)	420	643	738	833
% YoY	2%	53%	15%	13%
EPS % YoY	2%	53%	15%	13%
GPM	31.4%	31.4%	32.2%	32.1%
EBITDA margin	11.2%	17.1%	18.3%	18.5%
OPM	13.8%	14.2%	15.5%	15.8%
NPM	10.6%	15.0%	15.5%	15.7%
FCF/Sales	213%	178%	151%	153%
EV/EBITDA	7.6x	6.2x	5.3x	4.7x
P/E	14.0x	9.6x	8.4x	7.4x
P/B	1.3x	1.3x	1.2x	1.1x
ROE	12.1%	14.2%	15.4%	16.3%

* TP and rating last updated June 27, 2024



Company Overview:
ACG is the leading manufacturer of decorated wooden panels in Vietnam and has a top-of-mind brand and a domestic market share of 55% in the medium and high-end segments, per management. Its direct customers are property developers, contractors, designers, and agents.

We expect 2025F revenue to grow 8% YoY, driven by demand from both domestic and exports markets. Around 80% of ACG's revenue is tied to the domestic real estate market (per ACG's data), with at least one-third of total revenue exposed to domestic new home sales (our estimate). During 2024, ACG's domestic sales and export sales increased 5% and 12% YoY, respectively. We also observe signs of recovery in transaction volume in the primary condo and landed properties markets in Hanoi and HCMC, further reinforcing our expectation for ACG's 2025F recovery in domestic sales volume. ACG's exports sales volume remains healthy due to competitive prices with good quality.

We expect 2025F EBIT margins to improve vs 2024, as we expect GPM to increase YoY due to demand growth in both the domestic and export markets (noting that we see upside potential to our current GPM forecasts as 2024 results were better than expected), and the ratio of operating expenses (selling & administrative expenses) to revenue to decrease YoY, reflecting economies of scale as ACG completed its nationwide selling network expansion in early 2024.

Upside potential: Stronger-than-expected domestic property market recovery.

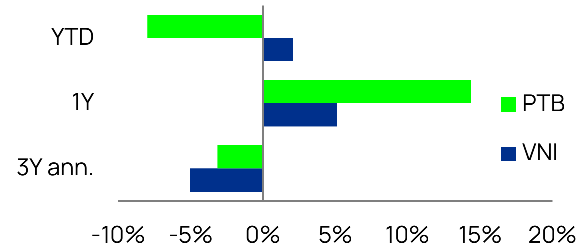
Downside risk: Worse-than-expected demand or changes in tariffs and timber origin policies in export markets.

PTB - Wood segment, airport stone delivery to lead earnings growth in medium term

Rating*	**OUTPERFORM**
Share Price (Feb 19)	VND60,900
Target Price (TP)*	**VND80,700**
Upside to TP	+32.5%
Dividend Yield	5.6%
TSR	**+38.1%**
Industry	Wood
Market Cap	USD160mn
Foreign Room	USD03mn
ADTV30D	USD0.3mn
State Ownership	0.0%
Outstanding Shares	66.9 mn
Fully Diluted Shares	66.9 mn

		2024	2025F	2026F	2027F
Revenue (VND bn)		6,466	7,560	8,111	8,933
	%YoY	15%	15%	7%	10%
NPAT-MI (VND bn)		370	633	671	775
	% YoY	44%	71%	6%	15%
EPS	% YoY	50%	75%	6%	15%
GPM		18.9%	23.4%	23.3%	23.7%
EBITDA margin		11.0%	14.8%	14.5%	14.8%
OPM		7.2%	11.5%	11.2%	11.6%
NPM		5.7%	8.4%	8.3%	8.7%
FCF/Sales		4.9%	5.8%	4.4%	6.5%
EV/EBITDA		7.5x	5.0x	4.7x	4.1x
P/E		11.9x	6.8x	6.4x	5.9x
P/B		1.4x	1.2x	1.1x	0.9x
ROE		12.6%	18.5%	17.3%	18.2%

* TP and rating last updated July 09, 2024



Company Overview
Originating as an SOE in Binh Dinh Province in central Vietnam, PTB currently operates three main businesses: quarrying and producing stone, exporting wooden furniture to the US and EU, and operating a Toyota dealership in central Vietnam. PTB forayed into real estate development in H2 2019.

We forecast 2025F wood revenue to grow 16% YoY, supported by an anticipated moderation in US mortgage rates, which should bolster Vietnam's wooden furniture exports. We expect mid-teen growth for Vietnam's 2025F wood and wooden furniture exports, which is below the wood associations' ambitious target of USD20bn (+32% YoY).

We forecast 2025F stone revenue to grow 8% YoY. For quartz, despite fierce competition from Indian competitors, management targets to run its quartz plant at 100% capacity in 2024. This goal appears feasible, as the plant was operating at ~87% capacity as of April 2024, up from 67% in 2023. Additionally, the contribution from supplying paving stones for TSN T3 will further drive revenue growth.

Long Thanh International Airport (LTA) - optimistic in winning the bid for paving stones. We estimate that LTA needs 500,000 m² of paving stones (8% of PTB's capacity). PTB's competitive advantage stems from owning two granite mines, ensuring both quality and quantity for the project. Its advanced machinery meets airport standards, and the company is ready to invest more if awarded the contract.

Noble House has a 30% chance of being able to repay PTB. Per PTB, its Noble House receivable falls into the unsecured category and Gigacloud has not acquired any liabilities to PTB from Noble House. In 2023, PTB made a provision for this default risk, equivalent to VND42bn (70% of the total receivable from Noble House) and is still awaiting a definitive ruling from the court regarding this matter.

Our target price implies a 2025F P/E of 9.0x. We believe PTB deserves a broadly in-line P/E multiple compared to its 10Y average TTM P/E of 8.9x during an earnings recovery phase.

Downside risks: Weaker-than-expected US home construction and consumption; changes in trade policies that could harm Vietnam's exports.

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Transportation & Logistics

New capacity across industries

February 2025

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Summary

- **Air passengers: Improving consumer spending and lower airfares fuel domestic recovery.** We forecast the number of international passengers, including Vietnamese, for 2025F/26F/27F to reach 47/51/60 million (+14%/+8%/+18% YoY), respectively, supported by favorable visa policies and active tourism development efforts. We forecast domestic passengers for 2025F/26F/27F at 75/84/90 million (+9%/+12%/+8% YoY), driven by recovering domestic tourism spending and stabilizing airfares. South Korea will remain the top source of Vietnam's international arrivals in the near term. We expect China's weak economy to temper the recovery of Chinese arrivals.
- **Air cargo: Throughput growth to moderate as trade normalizes from 2024's high base.** Our expectation reflects (1) the high base effect from 2024, (2) slower US growth (Vietnam's largest export market), with GDP growth forecast to fall from 2.8% in 2024 to 2.2% in 2025, and (3) potential impacts of President Trump's return to office and his proposed tariffs on Vietnam. ACV will invest in Long Thanh International Airport cargo terminal No. 1 (LTA-C1), and SCS thus will have no stake in the terminal. We expect LTA-C1 to go online in Q1 2027. As of now, only the construction bidding package of LTA-C1 was announced, while the operation bid (related to SCS) is expected to be opened soon.
- **Airports: Long Thanh International Airport (LTA) sees accelerated progress.** Key package selections: As of February 2025, 3/5 key packages are under construction, with the tender for the LTA-C1 and parking lot being processed. The National Assembly approved (1) extending the completion target to December 31, 2026 (from the original plan of end-2025), (2) increasing the number of runways in the northern area to two (from the initial plan of one), and (3) authorizing the Government to approve the adjusted feasibility study report for Phase 1 without requiring additional approval from the National Assembly.
- **Seaports:** In 2025F, we expect competitive pressure in Hai Phong to intensify as ~2.8mn TEUs of new capacity comes online (+33% from the current 8.4mn TEUs), with 2.2mn TEUs from four new berths at Lach Huyen in early 2025, and 600,000 TEUs from the Nam Dinh Vu seaport phase 3 coming in late 2025. In the south, we expect a minor increase in competition due to (1) no new capacity and (2) high demand.
- **Global freight rates and Southeast Asian (SEA) port congestion:** We expect container freight rates and SEA port congestion to ease in 2025F due to (1) higher water levels at the Panama Canal from La Niña and (2) global ship supply growth of 6.4%, outpacing demand growth of 4.0%. However, several risks remain for our expectations due to global geopolitical uncertainties.
- **Implications of President Trump's second term:** President Trump's second term poses a threat of trade disruption between Vietnam and the US via higher tariffs, negatively impacting revenue and earnings for ports and logistics companies. GMD's Gemalink deep-sea port is exposed as it mainly serves US-EU routes, while weaker overall international trade would threaten throughput at the Nam Dinh Vu seaport. For air cargo terminal operator SCS, the US and EU account for roughly 20% of its total cargo volume. However, the reverse will be true if tariffs imposed on Vietnam are lower compared to other countries in the region, on a relative basis.
- **Stock picks: AST** will witness recovering passenger spending and accelerating new store openings at TSN T3, NB T2, and LTA in 2025-2027, driving projected YoY NPAT-MI growth of 27%/20%/22% in 2025F/26F/27F, respectively. AST's valuation looks attractive at 2025F/26F P/Es of 13.6x/11.4x vs its 2018-2019 average TTM P/E of 15.0x.

Transportation & Logistics: Key data and summary valuations

Key data

Ticker	Rating	Market Cap USD mn	State O'ship %	Foreign Limit %	Foreign Avail. USD mn	ADTV 30D USD mn	Share Price VND ps	Target Price VND ps	Target price updated	Upside %	Div. Yield%	12M TSR %
AST	BUY	98	0%	49%	5	0.0	55,500	60,600	03-Dec-24	9.2%	4.5%	13.7%
VJC	O-PF	2,067	0%	30%	352	4.3	97,400	114,000	15-Mar-24	17.0%	0.0%	17.0%
GMD	O-PF	1,108	0%	49%	45	2.6	61,000	67,400	19-Feb-25	10.5%	2.5%	13.0%
ACV	O-PF	9,253	95%	49%	4,212	2.5	108,900	127,100	18-Feb-25	16.7%	0.0%	16.7%
SCS	M-PF	281	14%	30%	27	1.5	75,700	71,400	07-Nov-24	-5.7%	9.2%	3.5%
HVN	M-PF	2,511	0%	30%	556	2.3	28,950	14,700	25-Mar-24	-49.2%	0.0%	-49.2%
VTP	M-PF	735	0%	49%	309	4.7	154,000	69,000	06-Sep-24	-55.2%	1.0%	-54.2%

Summary valuations

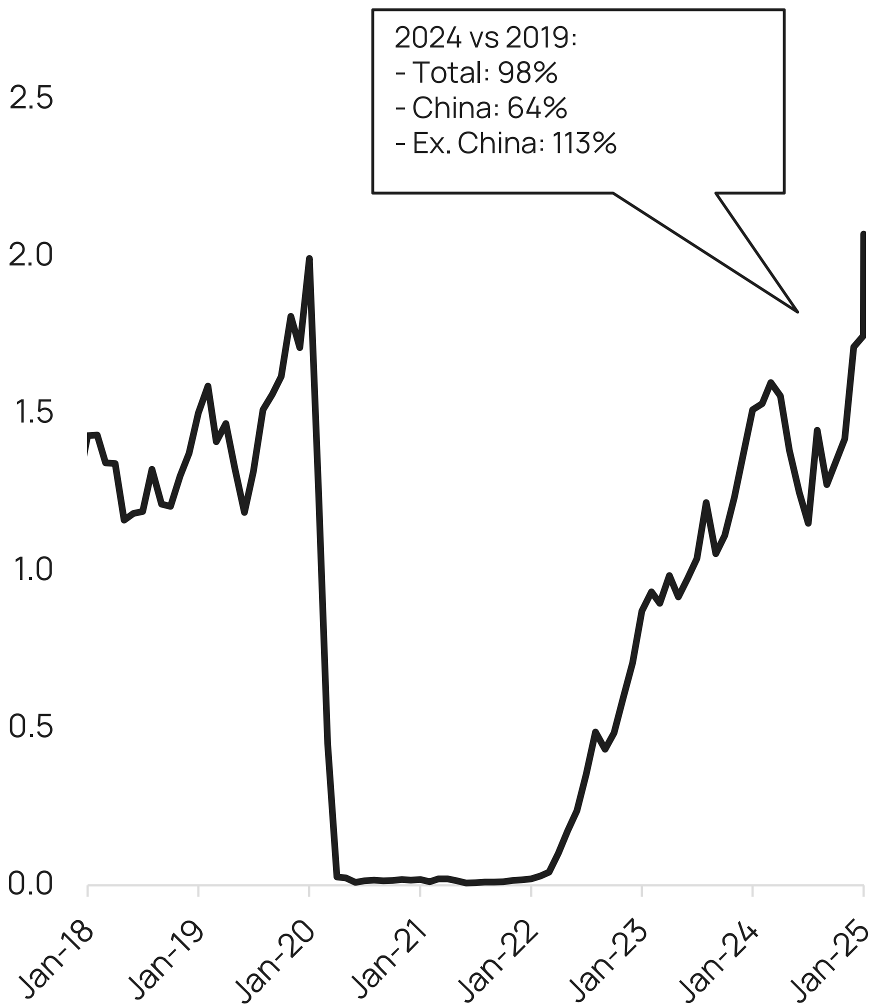
Ticker	Share price VND ps	EPS g 2024F %	EPS g 2025F %	EPS g 2026F %	P/E TTM x	P/E 2024F x	P/E 2025F x	P/E 2026F x	EV/ EBITDA* 2025F x	ROE 2025F %	P/B LQ x	Net D/E LQ x
AST	55,500	29%	27%	20%	16.8x	17.3x	13.6x	11.4x	7.1x	25%	5.0x	0.2x
VJC	97,400	578%	61%	29%	37.0x	22.7x	14.1x	10.9x	11.7x	18%	3.1x	4.6x
GMD*	61,000	77%	-5%	14%	17.3x	17.3x	18.1x	15.9x	8.1x	12%	2.0x	-0.1x
ACV	108,900	36%	11%	10%	20.9x	22.5x	20.4x	18.5x	15.1x	19%	4.0x	0.2x
SCS	75,700	39%	-5%	7%	10.4x	10.4x	10.9x	10.2x	6.6x	52%	5.1x	-0.6x
HVN	28,950	-218%	-95%	164%	9.3x	9.3x	190.5x	72.0x	10.0x	nm	-5.9x	-6.3x
VTP	154,000	30%	15%	17%	56.8x	60.9x	53.0x	45.3x	29.1x	23%	11.8x	4.6x

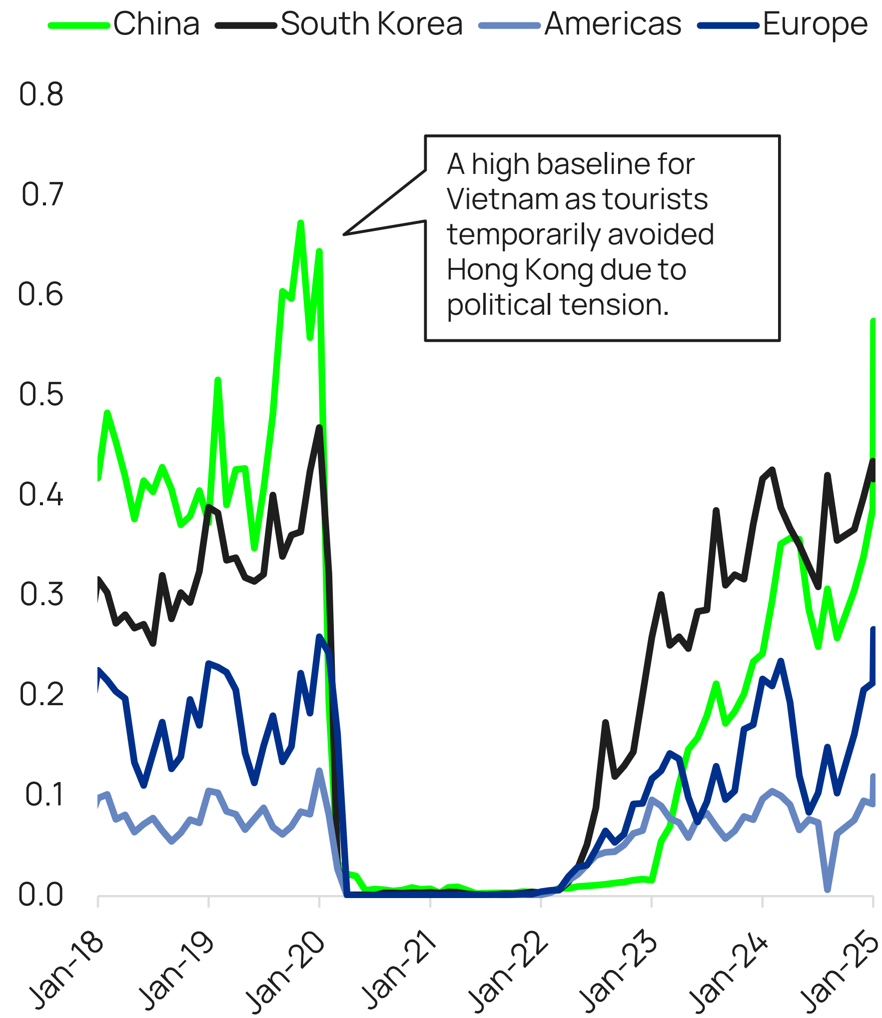
Vietcap

Note: Share prices as of February 19, 2025.
*Source: Company data, Vietcap. *Valuation ratios apply core earnings (excluding impacts from port divestment and other gains/losses)*

International arrivals: Tet holiday surge signals sustained robust growth into 2025F

Monthly foreign arrivals in Vietnam (mn arrivals)





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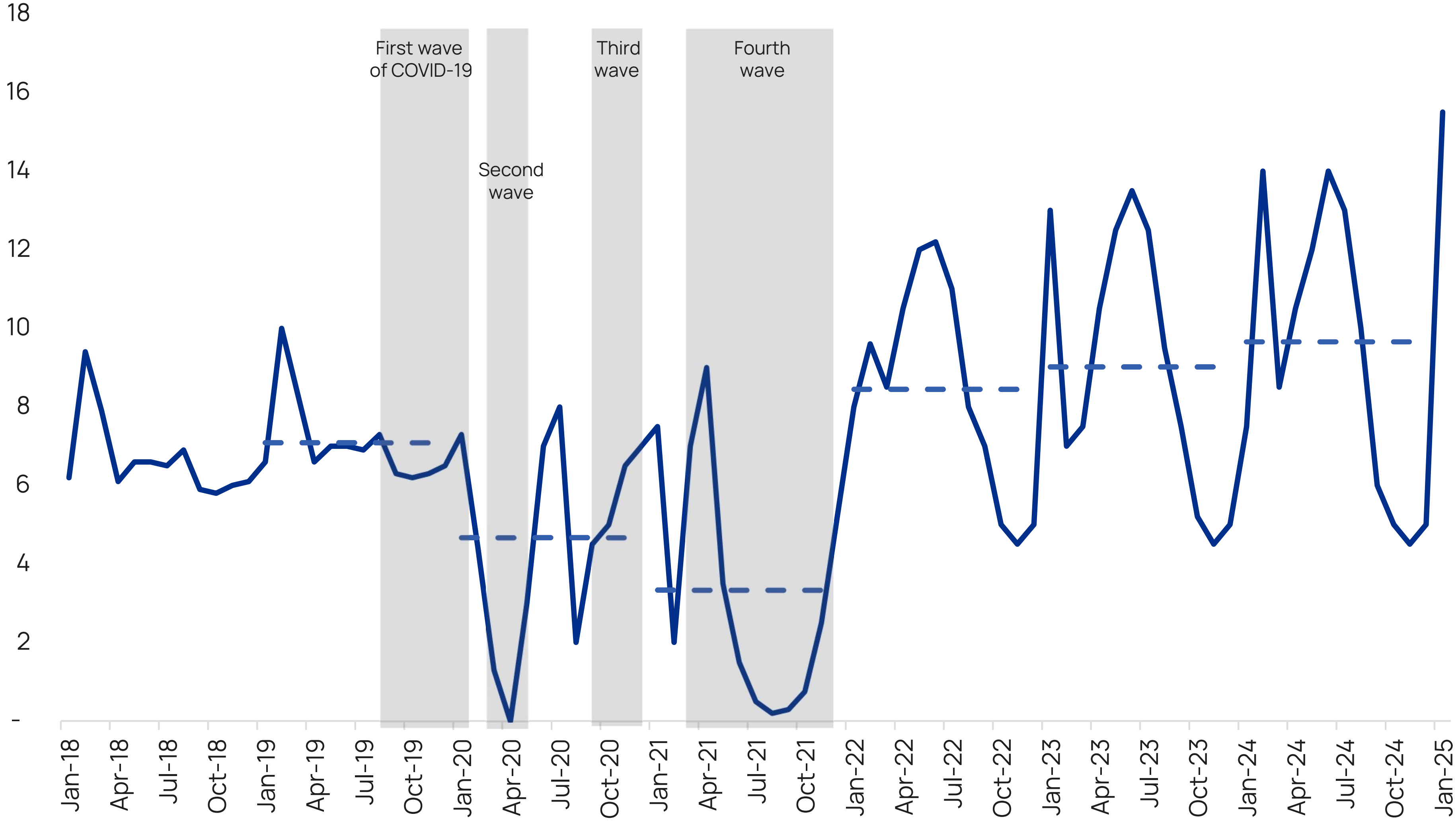
Source: General Statistics Office of Vietnam (GSO), Vietcap compilation

Recovery of domestic air transportation fueled by gradual improvement in consumer spending and lower airfares

Monthly number of domestic tourists in Vietnam (million)



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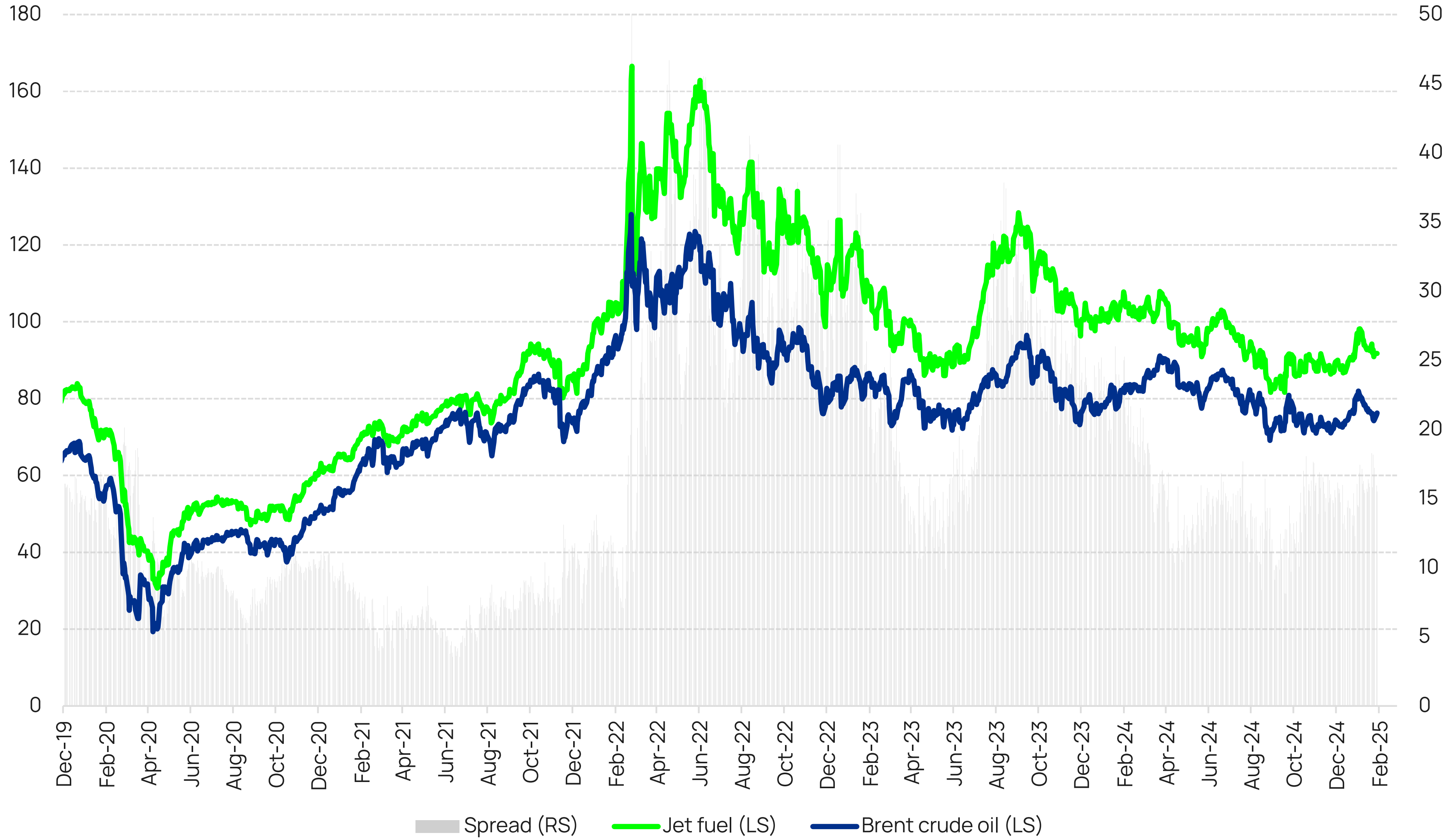
Source: GSO, Vietcap compilation

Declining fuel costs to boost airlines' profitability, supporting gradually easing pressure on airfares



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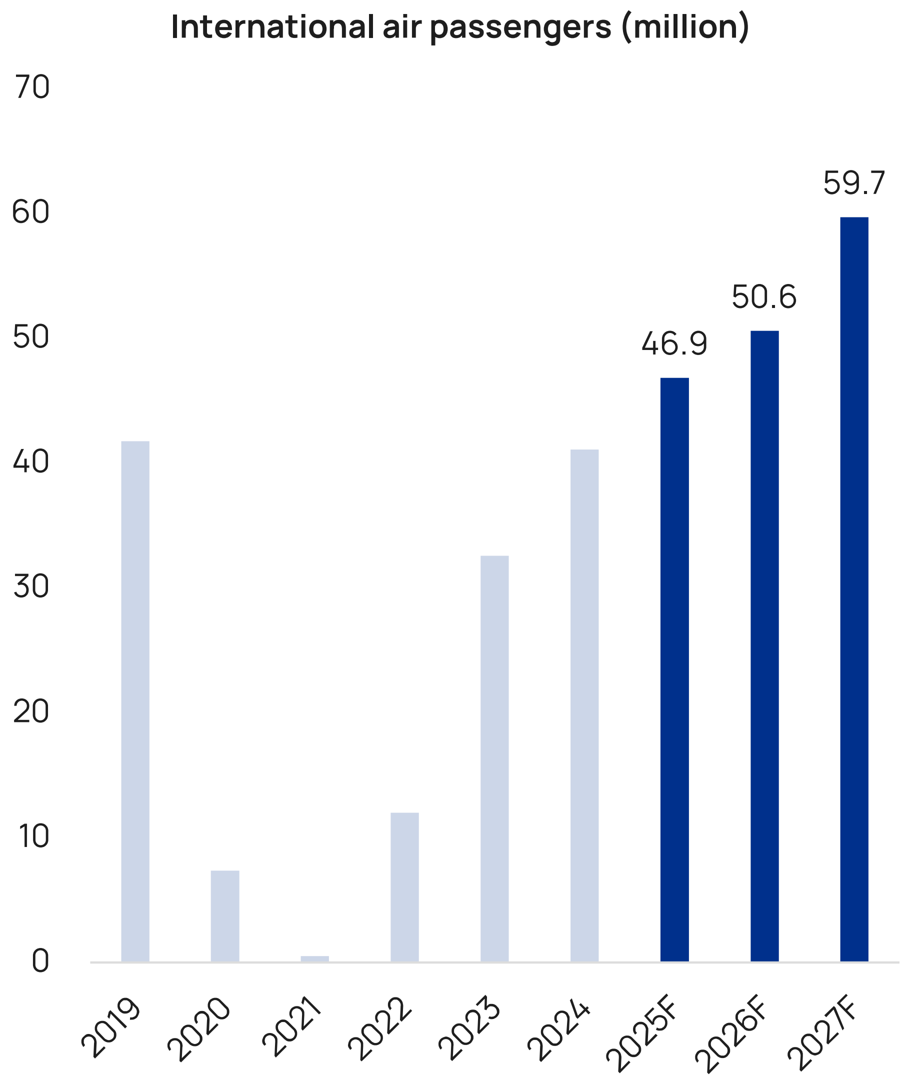
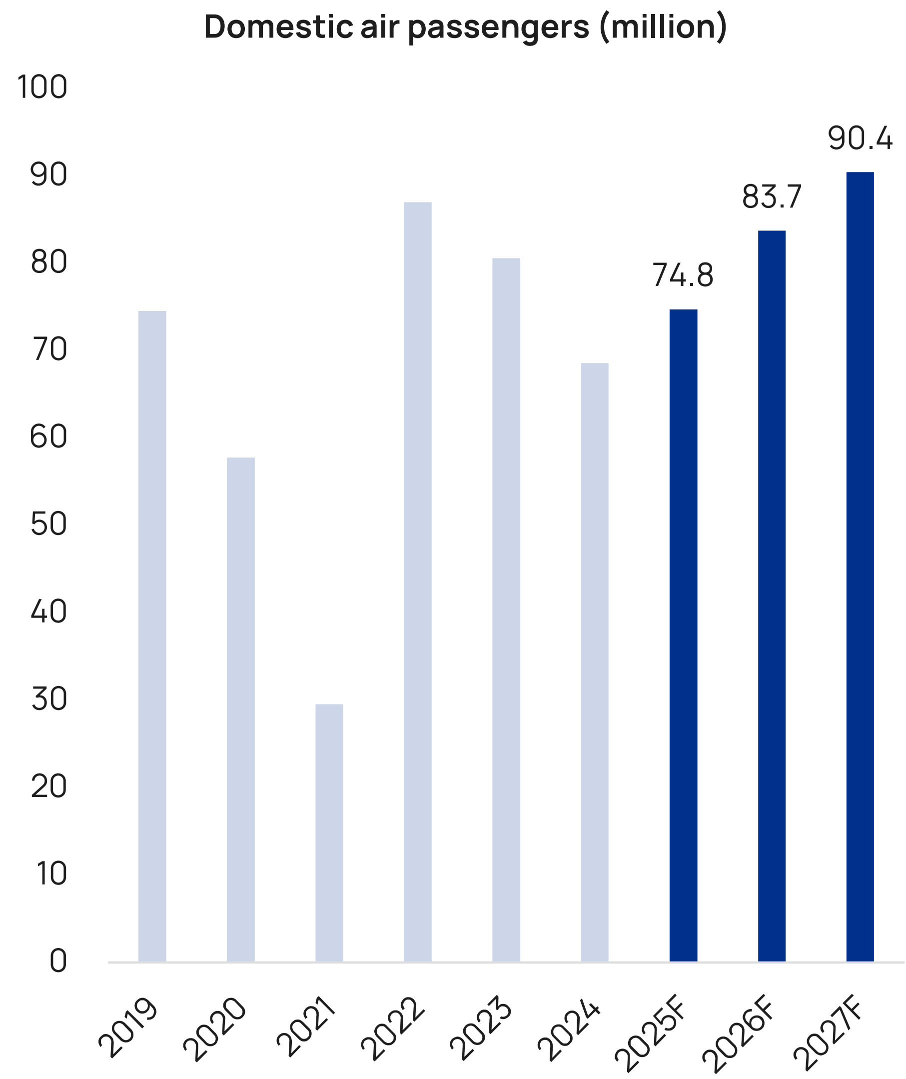
Source: Bloomberg, Vietcap

Vietcap's forecasts for air passenger numbers



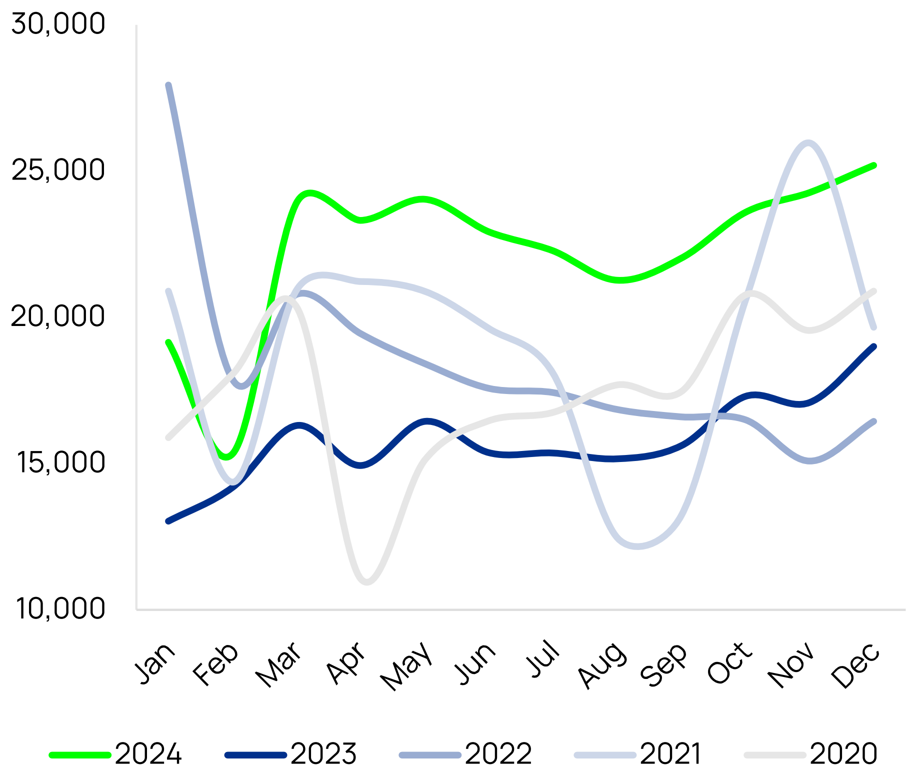


Source: ACV, Vietcap compilation

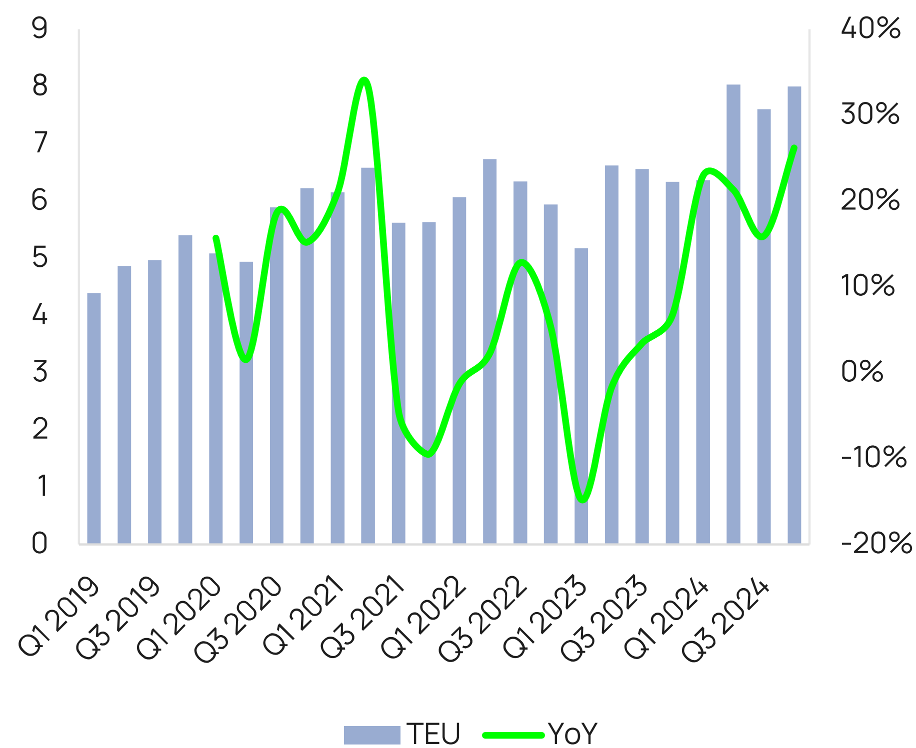
Cargo: Throughput growth to moderate as trading activities normalize from 2024's high base

- **We expect 2025F throughput growth to moderate to a single-digit level.** Our projections reflect (1) the high base effect from 2024, (2) slower US growth (Vietnam's largest export market), with GDP growth forecasts falling from 2.8% in 2024 to 2.2% in 2025, and (3) potential impacts of President Trump's return and his proposed tariffs on Vietnam.

SCS's 2024 cargo volume improved 41% YoY to 267,400 tonnes



Vietnam's 2024 total sea container throughput grew 21% YoY to 30mn TEUs



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Source: SCS, GMD, Vietcap compilation

Long Thanh International Airport is on track to be completed at end-2026

We expect LTA-C1 to go online in Q1 2027. As of now, only the construction bidding package of LTA-C1 has been announced, while the operation bid (related to SCS) is expected to be opened soon. ACV will invest in Long Thanh International Airport cargo terminal No. 1 (LTA-C1), and SCS thus will have no stake in the terminal.

The National Assembly approved the plan for:

- Timeline adjustment: Phase 1 to be completed and operational by December 31, 2026 (compared to December 31, 2025, in the initial plan);
- Scale adjustment: Construct two runways in the northern area, increased from one runway in the initial plan;
- Authority delegation: The Government is authorized to approve the adjusted feasibility study report for Phase 1 without requiring National Assembly approval.

Tan Son Nhat Airport's (SGN) Terminal 3: Construction is 83% completed as of December 2024. ACV expects Tan Son Nhat Terminal 3 to come into operation on April 30, 2025, two months ahead of schedule. Terminal 3 is designed at a capacity of 20 million domestic passengers and can reduce congestion at Tan Son Nhat International Airport after completion.

Source: ACV, Local media, Vietcap compilation

Long Thanh International Airport (LTA)

Summary of LTA project

	Sub-project No.1	Sub-project No.2	Sub-project No.3	Sub-project No.4	Total
Category	Government buildings	Buildings for air traffic management	Essential airport construction, including general infrastructure and cargo terminal no. 1	Buildings for additional aviation services, including cargo terminal no. 2.	
Investors	Government authorities and/or PPP investors if Government authorities cannot arrange capital	Vietnam Air Traffic Management Corporation	ACV	Ministry of Transport will oversee the bidding process for the fourth sub-project	
Total investment cost (VND bn)	293.26	3,435.25	99,019.26	6,363.97	109,111.74
Total investment cost (USD mn) (at VND/USD exchange rate of 23,390)	12.54	146.87	4,233.40	272.08	4,664.89

Vietcap

Source: Decision No.1777/QD-TTg, ACV, Vietcap

Notable construction packages of LTA sub-project No.3

Category	Package	Value (VND bn)	Status	Winners/Bidders/ Potential listed beneficiaries
Ground leveling & drainage	3.4	4,412	Under construction	Winners Truong Son Construction & Consulting ACC Aviation Construction Phuc Loc Group Cienco 8 Vinaconex (HOSE: VCG)
Passenger terminal	5.10 - Passenger terminal body	35,234	Under construction	Winner VIETUR consortium (see below) Other potential listed beneficiaries: HOSE: DHA UPCOM: VLB
Cargo terminal No.1	7.8	N/A	Construction bidding to conclude in March 2025. We expect the operation bidding to be opened in late Q1 2025.	N/A

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Source: ACV, Local media, Vietcap compilation

Notable construction packages of LTA sub-project No.3

Category	Package	Value (VND bn)	Status	Winners/Bidders/ Potential listed beneficiaries
Infrastructure	4.6 – Runway, other apron	8,136	Under construction	Winner (one consortium) Vinaconex **(HOSE: VCG)** Truong Son Construction & Consulting ACC Aviation Construction Cienco 4 (UPCoM: C4G) Viet Nam Investment Development Construction JSC Six Four Seven Aeronautics Project Construction JSC
	4.7 – Passenger terminal apron	6,268	Under construction	Winners Truong Son Construction & Consulting ACC Aviation Construction Vietnam Export Import and Construction Corporation Vietnam Investment and Development Construction Corporation Cienco4 Group JSC Six Four Seven Aeronautics Project Construction JSC
	4.8 – Internal roads	11,066	Under construction	Winners Truong Son Construction & Consulting Phuong Thanh Transportation Construction and Investment JSC Vietnam Export Import and Construction Corporation Construction Corporation No. 1 Asia Industrial Engineering JSC Information Technology Application and Development JSC Vietnam Investment and Development Construction JSC Dacinco Investment and Construction Company Limited 368 Construction and Installation Joint Stock Company
	4.9 – Fuel supply infrastructure	2,880	Under construction	PetroVietnam Technical Services Corporation (PTSC) BCA Thang Long One-Member Limited Liability Company
	6.12 – External roads T1, T2	2,785	Under construction	Winners Deo Ca Group **(HOSE: HHV)** Thang Long JSC **(HNX: TTL)** Khang Nguyen Infrastructure Construction Hoang Long Trading, Construction & Consulting 368 Construction

Source: ACV, Local media, Vietcap compilation

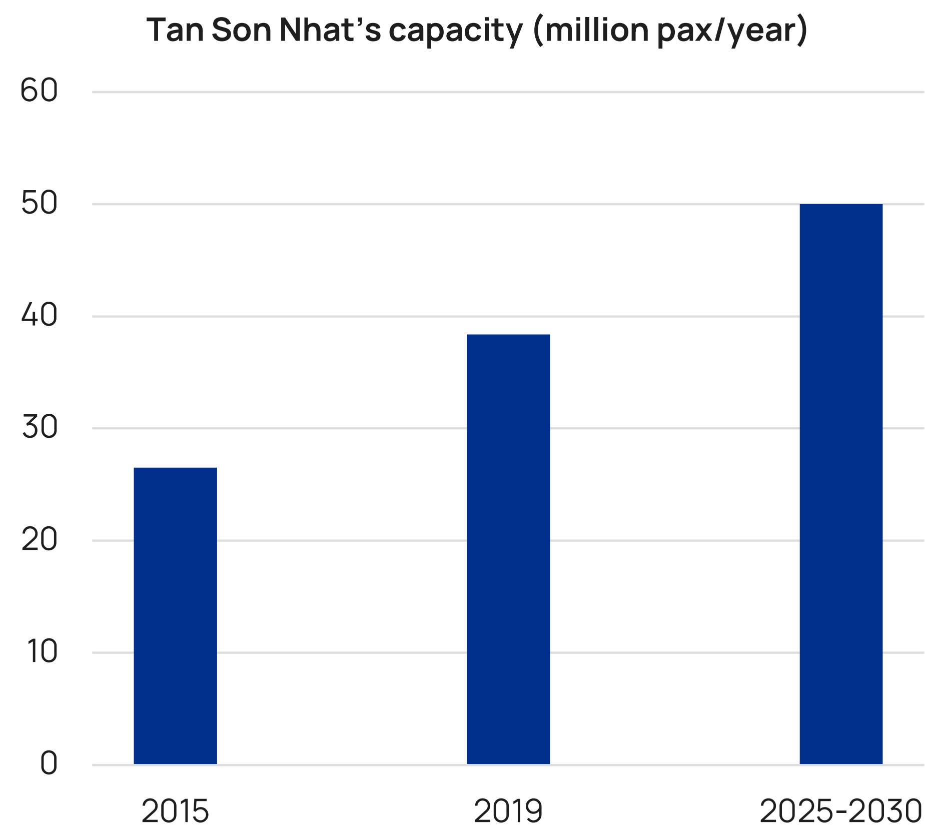
Third terminal at Tan Son Nhat International Airport

Projects	Investors	Status	Next stage	Expected completion	Additional capacity	Estimated cost (USD mn)
Tan Son Nhat International Airport (SGN) T3	ACV	Construction	Operation	Q2 2025	20 million passengers	475

The construction for Terminal 3 of Tan Son Nhat started on August 31, 2023, and is expected to be completed on April 30, 2025.

Total investment for the project amounts to VND11tn, with 70% of the funding coming from ACV and 30% from the private market.

Designed to accommodate 20 million passengers, the new terminal is expected to help elevate the capacity of Tan Son Nhat International Airport to 50 million passengers annually.



Source: ACV, Local media, Vietcap compilation

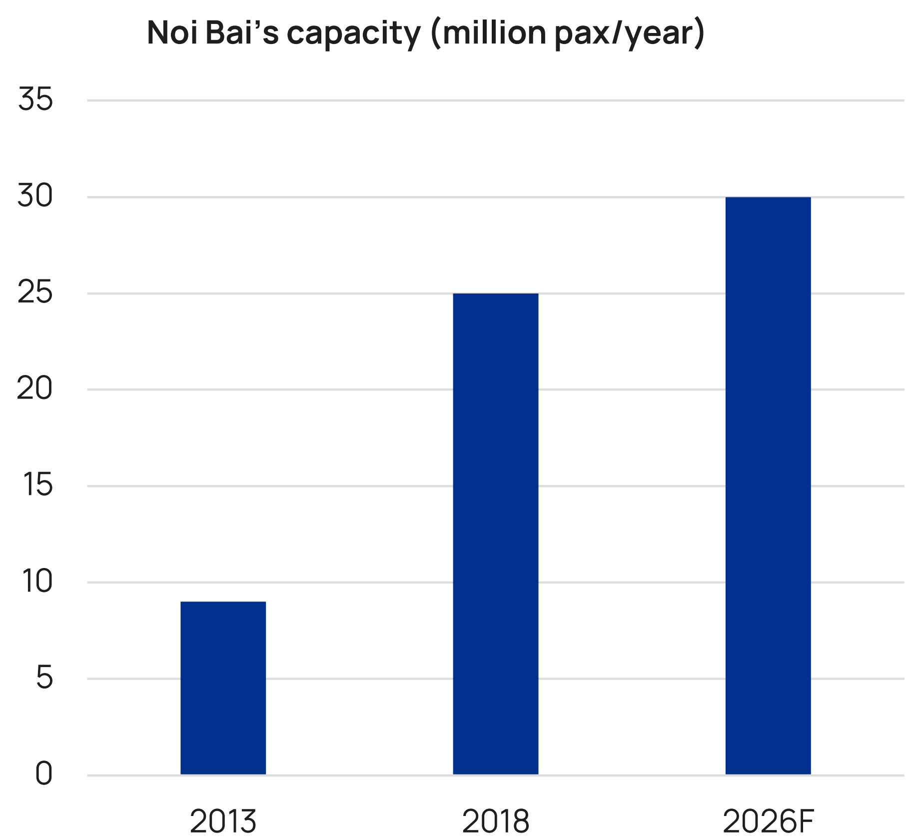
Expansion of Terminal 2 at Noi Bai International Airport

Projects	Investors	Status	Next stage	Expected completion	Additional capacity	Estimated cost (USD mn)
Noi Bai International Airport (HAN) T2 expansion	ACV	Construction	Operation	Q4 2025	5 million passengers	196

The expansion for Terminal 2 of Noi Bai started on May 19, 2024, and is expected to be completed on December 31, 2025.

Total investment for the project amounts to VND5tn, with 92% of the funding coming from ACV and 8% coming from other contractors.

Designed to accommodate 15 million passengers, the expansion of terminal 2 is expected to help elevate the capacity of Noi Bai International Airport to 30 million passengers annually.



Source: ACV, Local media, Vietcap compilation

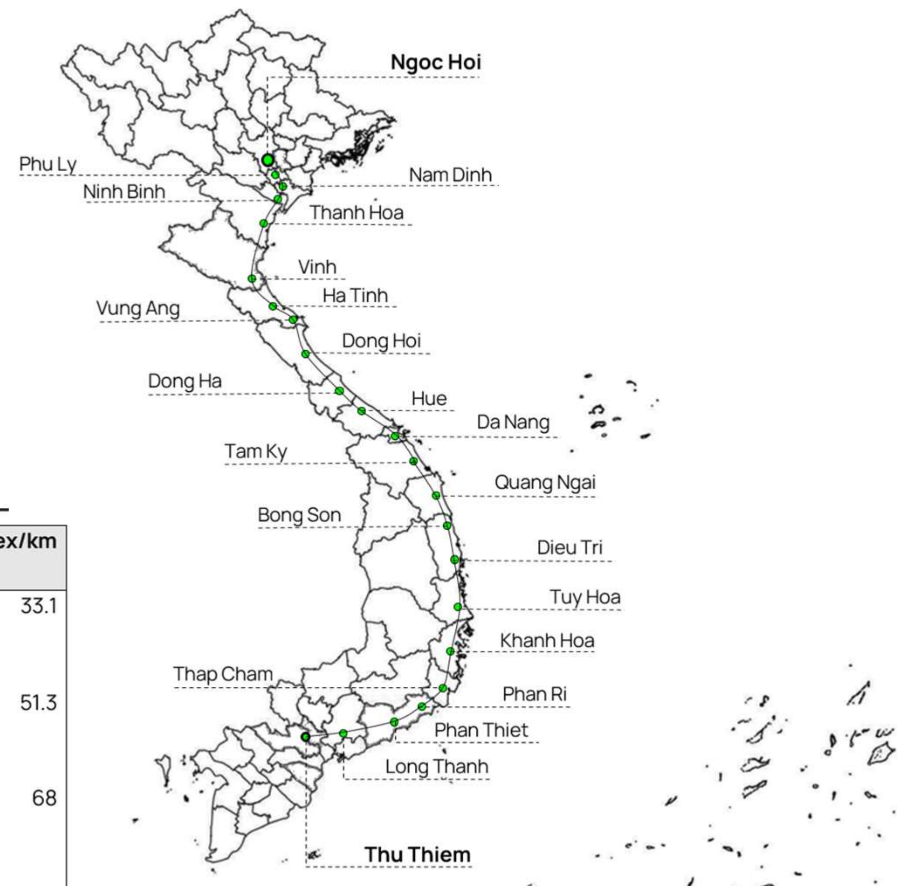
North-South High-speed Railway

- The project was approved by Vietnam's 15th National Assembly in November 2024. Construction will start in 2027, with completion targeted for 2035.
- Total length is **1,541 km**, linking Hanoi (Ngoc Hoi) to Ho Chi Minh City (Thu Thiem) with a total of 23 passenger stations and 5 cargo stations. It will be an electrified double track of 1,435 mm gauge, designed for speeds of 350 km per hour.
- The railway project is expected to **cost $67.34 billion**, with funding coming mainly from the Government, bonds, contributions from localities, and low-interest loans from domestic sources.
- Impact: GDP Growth +0.97% annually during construction; Jobs +180,000 construction jobs, +13,880 operational roles, and +1,200 engineers.

Regional comparisons

High-speed railway (HSR)	Estimated opening date	Investment (billion USD)	Total length (Km)	Capex/km
Beijing – Shanghai (China)	Apr 18, 2008	43.6	1,318	33.1
Jakarta-Bandung HSR (Indonesia)	Sept 7, 2023	7.3	142.3	51.3
Kuala Lumpur – Singapore HSR (Malaysia – Singapore)	2027	23.8	350	68
Moscow - St. Petersburg HSR (Russia)	2028	25.3	679	37.26
North-South HSR (Vietnam)	2035	67.6	1,541	43.7

Locations and Routes



Source: Local media, Vietcap

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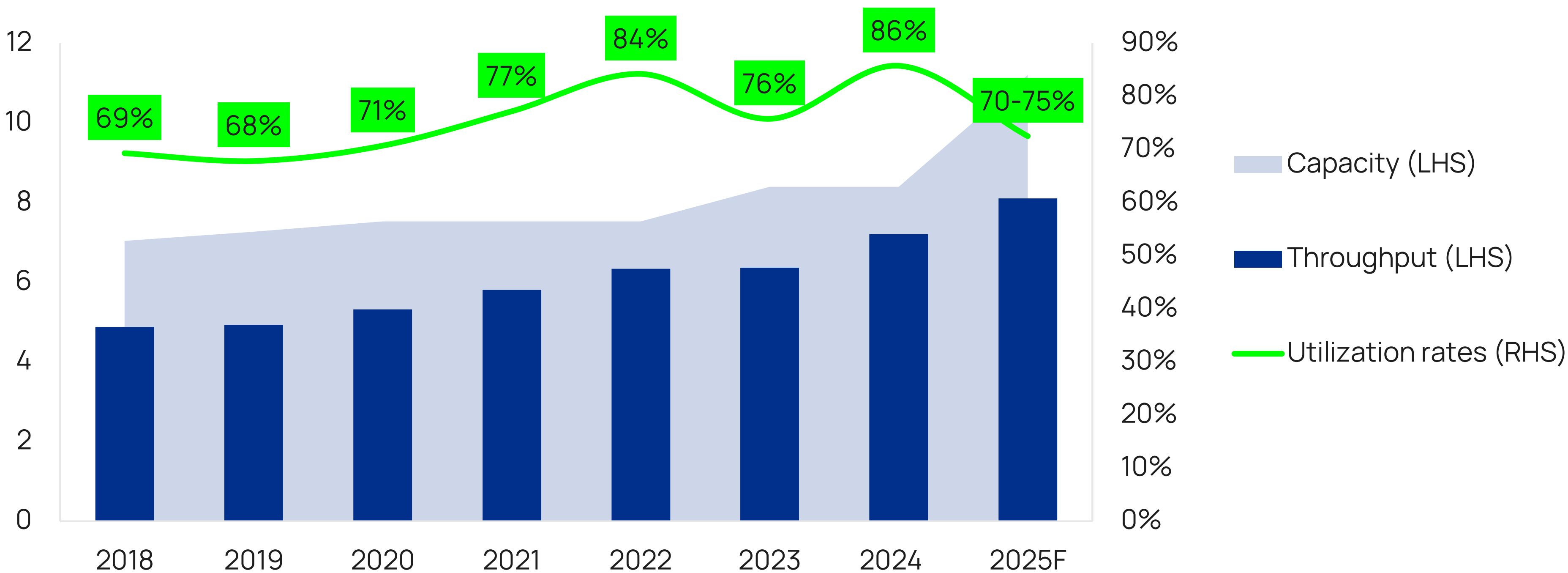
Seaports: We expect more intense competition in the north as new capacity comes online (1)

- In 2025F, Hai Phong will add ~2.8mn TEUs of new annual capacity (+33% vs currently), **intensifying competition in the region.** This includes:
  - 4 berths at Lach Huyen deep-sea port (HICT), operational in early 2025, adding ~2.2mn TEUs p.a.
  - Nam Dinh Vu (NDV) phase 3 expansion, which will become operational in late 2025 and add 600,000 TEUs p.a.
- **We expect capacity additions to outstrip demand growth,** lowering overall utilization rates in the region. Even if we assume a 10-15% demand growth rate, higher vs the 2019-23 CAGR of 7%, we estimate that the average utilization rate will drop to 70-75% vs 86% in 2024.

Container throughput, capacity, and utilization rate in Hai Phong (mn TEUs)



Source: VPA, Vietcap.

Seaports: We expect more intense competition in the north as new capacity comes online (2)

Overview of HICT berths No. 1 to No. 6

	Berths No. 1 & 2 (existing)	Berths No. 3 & 4 (2025F online)	Berths No. 5 & 6 (2025F online)
Ownership	Saigon Newport (SNP), ONE, Itochu, Wan Hai	PHP	Hateco
Partner*	ONE (Top-6 global market share, 6.3%), Wan Hai (Top-11, 1.7%)	MSC (Top-1, 20.1%)	Maersk (Top-2, 14.3%)
Operational timeline	May 2018	Q1 2025	Q1 2025
No. of berths	2	2	2
Length (m)	750	750	900
Designed capacity (mn TEUs)	1.0	1.1	1.1
Maximum ship size (TEUs)	12,000	8,000	8,000
Capex (VNDbn)	7,580	6,950	8,950
Capex (USDmn)	303	278	358

Vietcap

*Source: Local media, Vietcap compilation. *Fleet capacity market share in 2024.*

Seaports: In the south, we expect an insignificant increase in competition

- In 2025F, we expect an insignificant increase in competition in the south as (1) demand is still solid, with 2024 utilization rates of the region reaching 94%, and (2) there will be no capacity expansion in 2025F – the only upcoming one is Gemalink (GML) 2A, but it will not be online until Q2-Q3 2026.

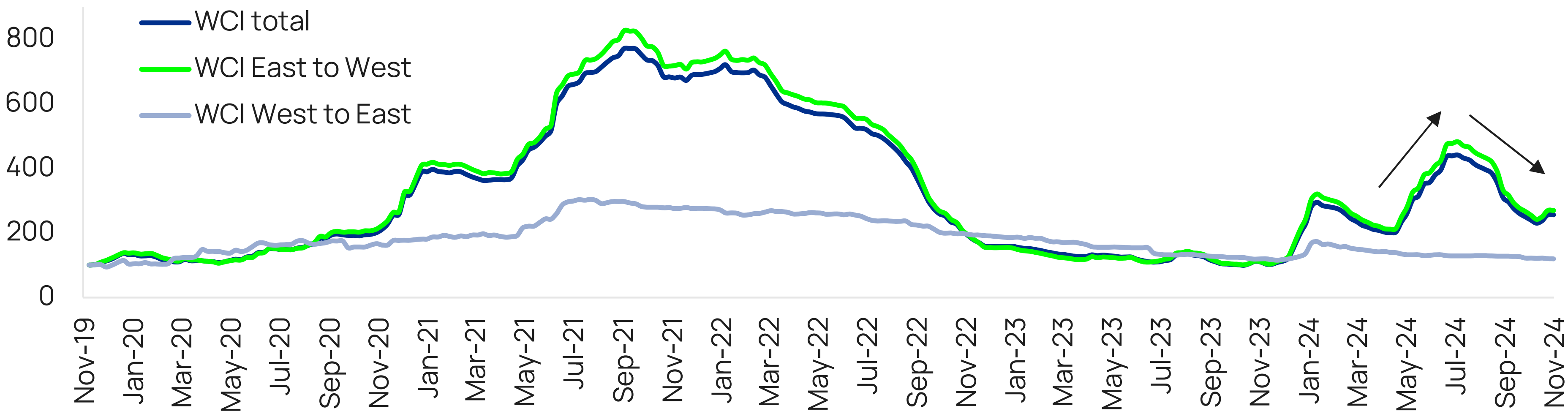
2024 throughput in the Cai Mep – Thi Vai region

'000 TEUs	Capacity	2023 throughput	2024 throughput	YoY	Utilization rates (2024)
TCIT	1,800	1,890	1,960	4%	109%
TCTT	1,000	820	1,090	33%	109%
CMIT	1,100	640	990	55%	90%
SSIT	1,500	500	680	36%	45%
GML	1,500	1,010	1,740	72%	116%
Total	**6,900**	**4,860**	**6,460**	**33%**	**94%**

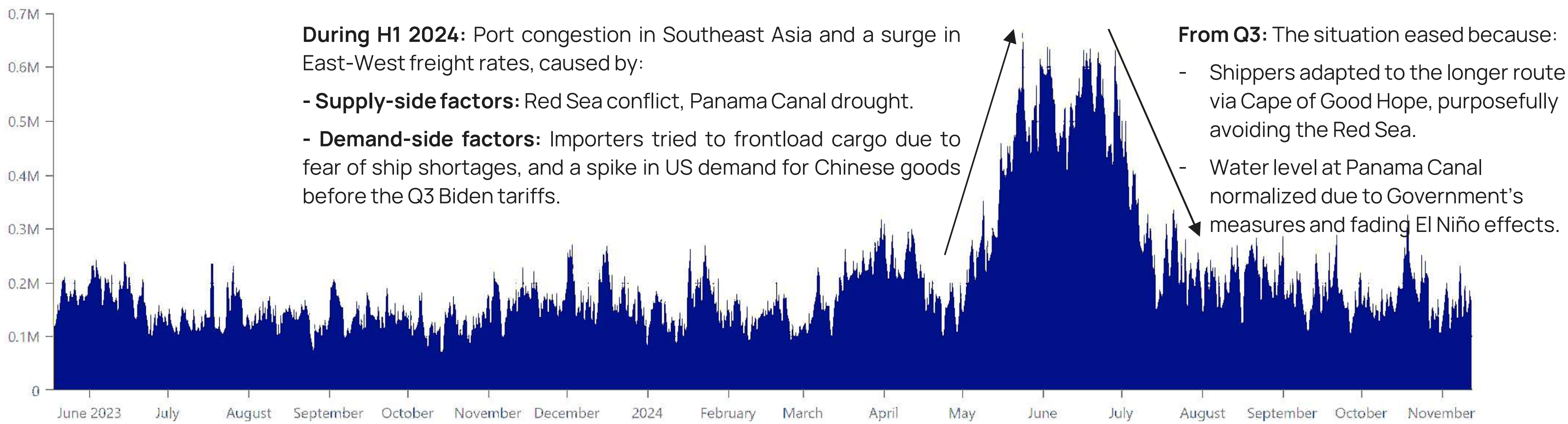
Source: VPA, Vietcap

Seaports: Surging freight rates and Southeast Asia port congestion in H1 2024; the situation eased from Q3 (1)

Drewry World Container Index (Index of November 2019 = 100)



Port congestion in Southeast Asia surged in Q2 and eased in Q3 2024 (mn TEUs at anchorage)

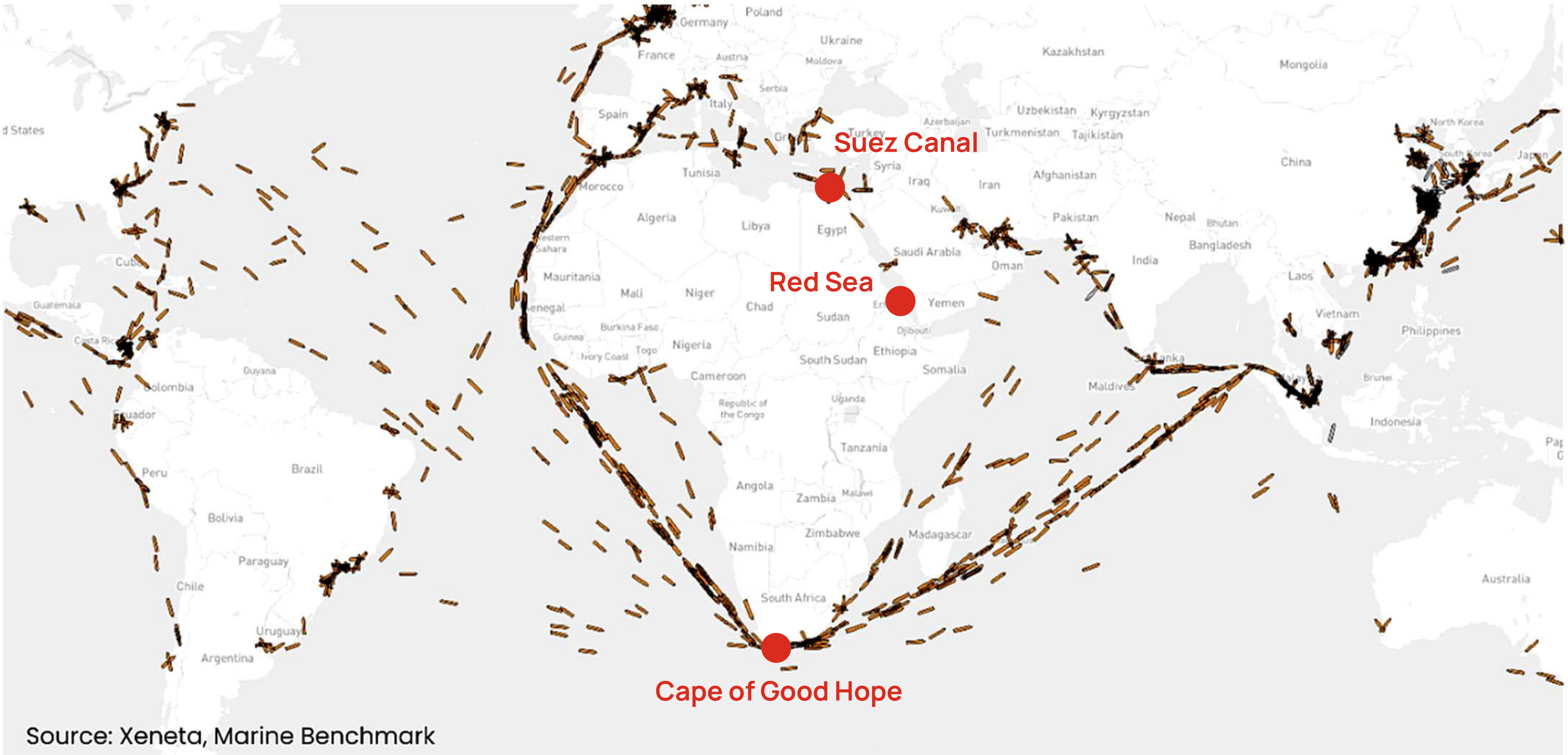


Vietcap

Source: Bloomberg, Linerlytica, Vietcap. WCI Shanghai to West is the average of WCI Shanghai to Rotterdam, Genoa, New York, and Los Angeles. WCI West to Shanghai is the average of WCI Rotterdam and Los Angeles to Shanghai.

Seaports: Surging freight rates and Southeast Asia port congestion in H1 2024; the situation eased from Q3 (2)

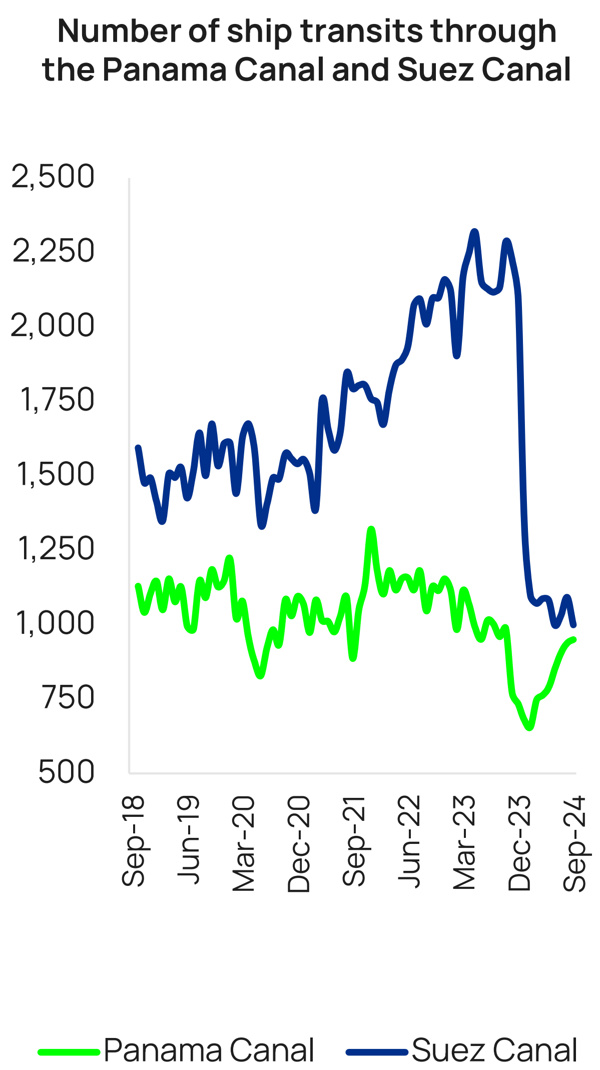
Ships diverting around the Cape of Good Hope

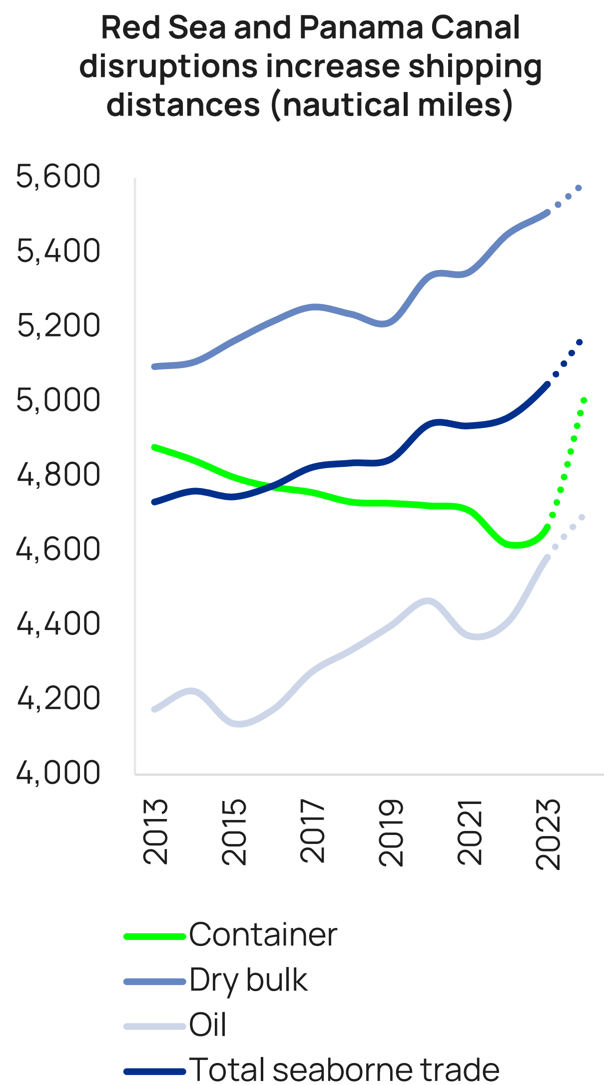


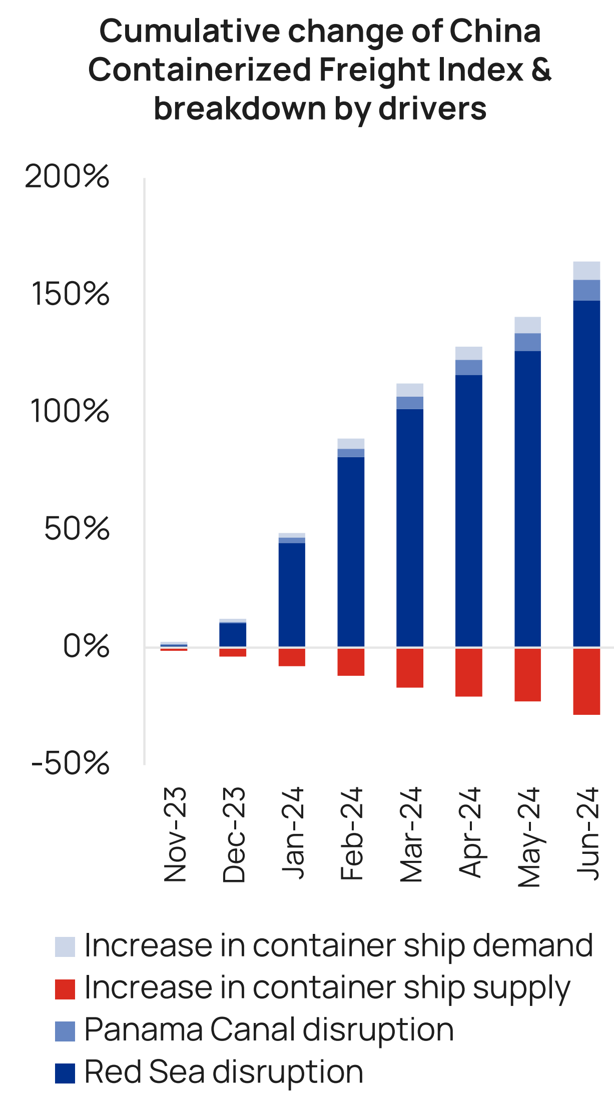
Vietcap

Source: Xeneta, Marine Benchmark, Vietcap (Image taken on October 8, 2024)

Seaports: Surging freight rates and Southeast Asia port congestion in H1 2024; the situation eased from Q3 (3)







Vietcap

Source: UN Trade and Development (UNCTAD), Clarksons Research, Vietcap. Forecast figures are from UNCTAD.

Seaports: We expect container freight rates and Southeast Asia port congestion to ease in 2025F

- **We expect container freight rates and SEA port congestion to ease in 2025F vs 2024** as (1) La Niña raises the water level at the Panama Canal and (2) global ship supply is projected to grow at 6.4%, exceeding demand growth of 4.0%, per BIMCO.
- However, given global uncertainties, we note several key drivers that could impact our forecasts:

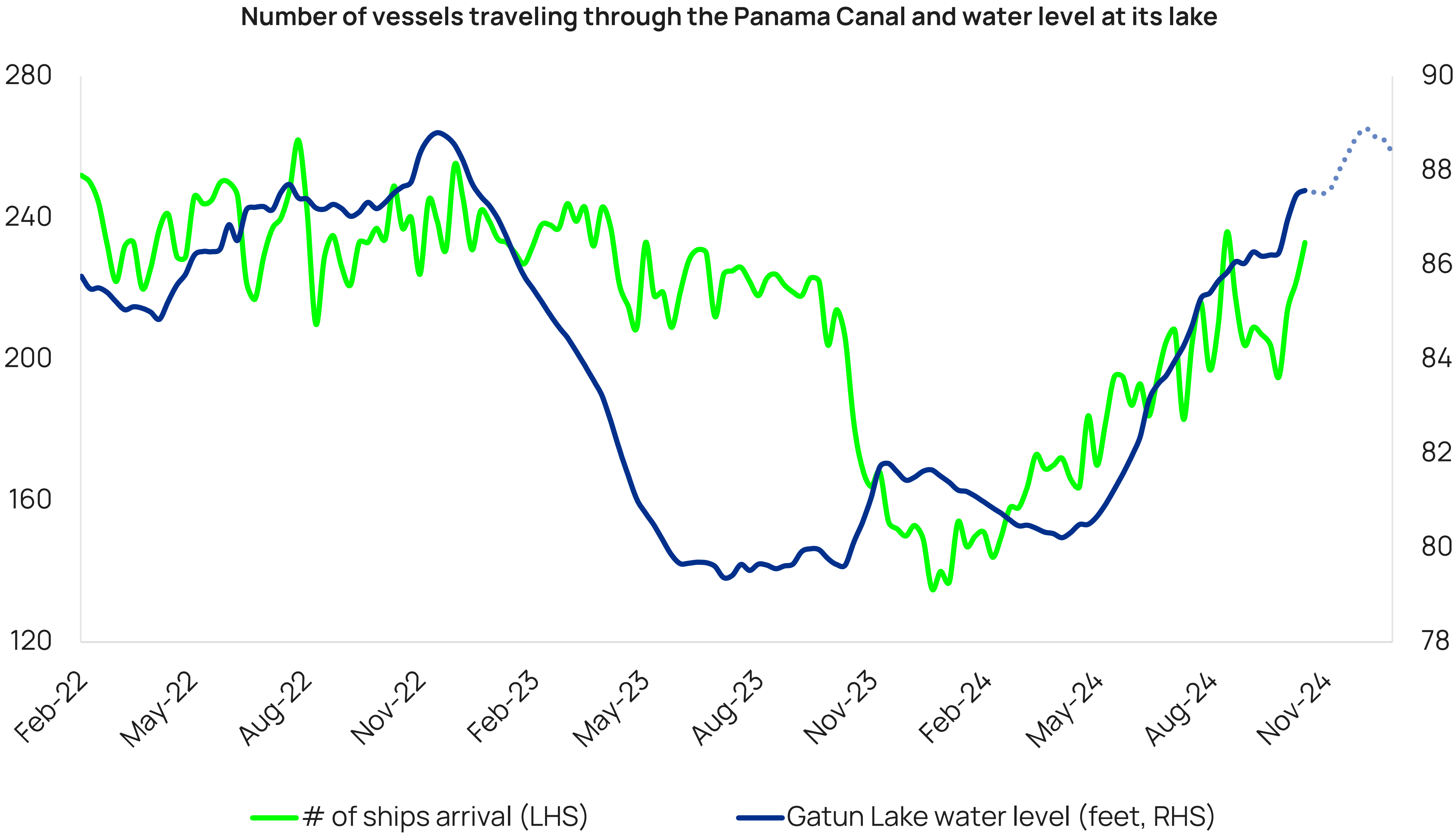
Upside

- **The Israel-Hamas conflict improves,** easing tensions in the Red Sea region. This situation would allow ships on the East-West route to take shorter trips.
- President Trump delivers on his promise to **end the conflict between Russia and Ukraine,** thereby alleviating pressure on the global supply chain.

Downside

- **New higher tariffs on Chinese goods under President Trump's administration** would prompt US importers to pull orders forward, causing a short-term surge in East-West freight rates similar to 2018.

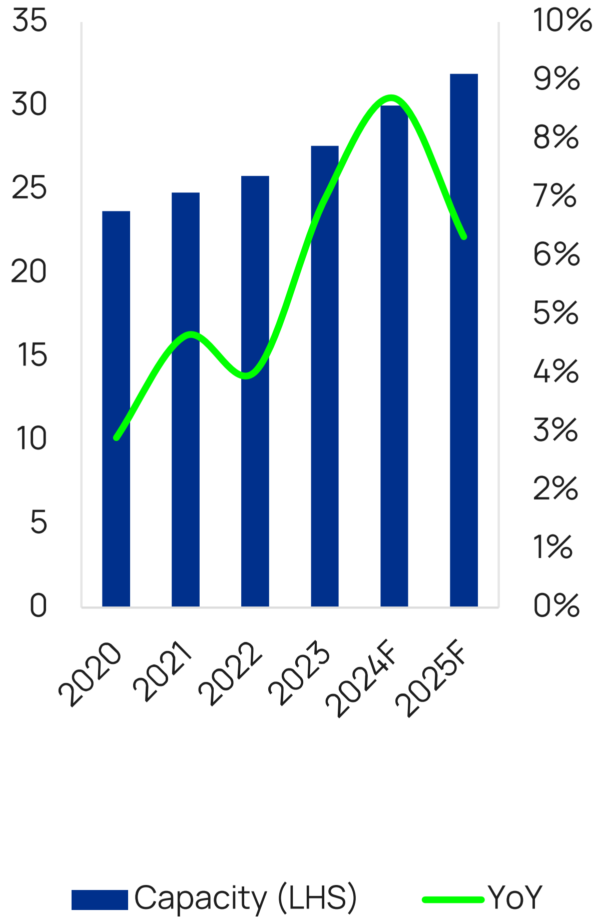
Seaports: Water level at the Panama Canal is returning to normal, expected to last into 2025F



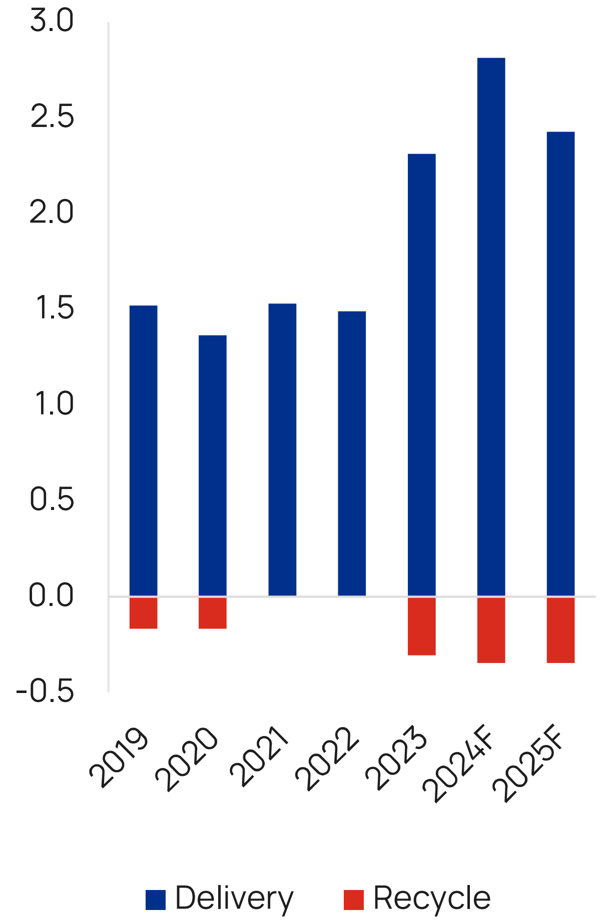
Source: CEIC, Canal de Panama, Vietcap. Note: Dotted line is projected figures by the Panama Canal authorities.

Seaports: Global container ship supply expected to expand and outpace demand growth in 2025F

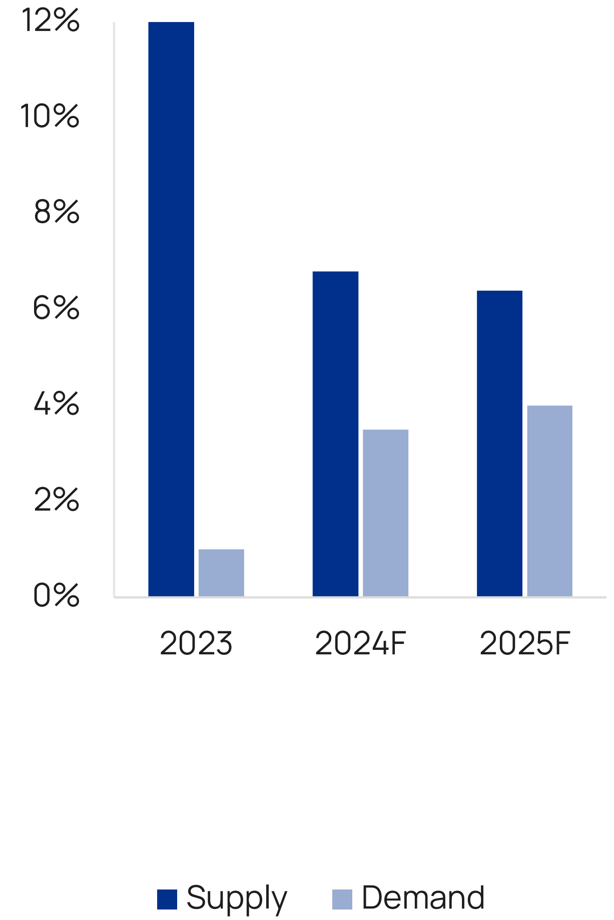
Total capacity of container ships globally (mn TEUs)



Changes in global container fleet capacity (mn TEUs)



Container ship supply and demand growth (%)



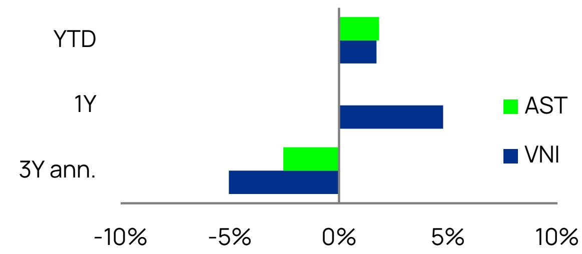
Source: BIMCO, Clarksons Research, Vietcap

AST - NPAT-MI on track to rebound to 2019 level in 2025

Rating*	**BUY**
Share Price (Feb 19)	VND55,700
Target Price (TP)*	**VND60,600**
Upside to TP	+9.2%
Dividend Yield	4.5%
TSR	**+13.7%**
Industry	Aviation Services
Market Cap	USD98mn
Foreign Room	USD05mn
ADTV30D	USD0.0mn
State Ownership	0.0%
Outstanding Shares	45.0mn
Fully Diluted Shares	45.0mn

	2024	**2025F**	**2026F**	**2027F**
Revenue (VND bn)	1,330	1,528	1,721	1,951
%YoY	21%	15%	13%	13%
NPAT-MI (VND bn)	149	189	227	278
% YoY	29%	27%	20%	22%
EPS % YoY	29%	27%	20%	22%
GPM	61.1%	61.6%	61.6%	62.2%
EBITDA margin	21.0%	19.1%	19.0%	19.3%
OPM	18.5%	16.9%	17.1%	17.5%
NPM	11.2%	12.4%	13.2%	14.2%
FCF/Sales	15.6%	10.4%	10.6%	10.3%
EV/EBITDA	8.1x	7.1x	5.2x	4.0x
P/E	17.3x	13.6x	11.4x	9.3x
P/B	5.0x	3.0x	2.5x	2.1x
ROE	30.5%	26.4%	25.8%	25.3%

* TP and rating last updated December 3, 2024



Company Overview

AST has two core businesses: (1) operating airport retail stores (both non-duty-free and duty-free) at Vietnam's seven largest airports and (2) operating a four-star hotel in Da Nang. AST also has an affiliate company that provides air catering services.

We forecast 2025F/26F/27F NPAT-MI growth of 27%/20%/22% YoY, respectively, driven by (1) projected air passenger growth of 8%/8%/15% YoY with improving passenger spending, (2) the opening of 31 new stores, supported by new space at Tan Son Nhat T3, Noi Bai T2, and Long Thanh International Airport (LTA), and (3) the company's strategy to optimize costs and enhance operational efficiency.

We forecast seven new stores in 2025F, with retail sales/store at VND8.4bn, surpassing the 2019 level of VND8.0bn. However, we observe significant upside potential in our forecast.as the the company recently secured a winning bid for 19 new POS at T3 TSN, well above our current forecast. We expect a swift ramp-up in both T3 capacity and retail store performance, as TSN T1 for domestic flights is operating at approximately 160% utilization, and T3 is designed to alleviate T1's overcapacity.

NPM margin to increase by 1.2/0.8/1.0 ppts in 2025F/26F/27F, respectively. Despite the ACV revenue-sharing scheme, we expect a higher store count and sales/store, coupled with AST's strategy to enhance operational efficiency to support margin growth. Per AST, while this new scheme hurts its profit margins, it favors AST's scale to help the company in bidding competition.

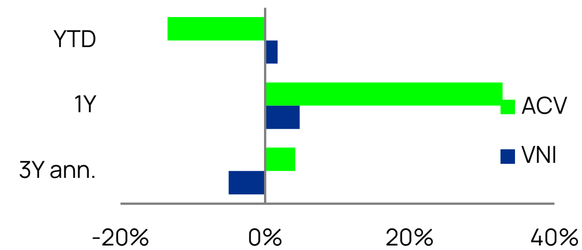
We apply our in-house forecast for international passenger numbers at 49/53/60 million, and domestic passenger numbers at 75/85/90 million in 2025F/26F/27F, versus 42/74 million in 2019 before the COVID-19 pandemic.

AST's valuation look attractive with (1) projected 2025F/26F P/Es of 13.6x/11.4x, 13%/27% lower vs its 2018-19 average TTM P/E of 15.0x, and (2) our projected robust dividend yield at 4.6%

Downside risk: Weaker-than-expected international travel from China or Vietnam.

ACV - Steady international pax growth; minor bad debt write-backs

			2024	2025F	2026F	2027F
Rating*	**OUTPERFORM**					
Share Price (Feb 19)	VND122,500	Revenue (VND bn)	22,555	25,119	27,684	36,782
Target Price (TP)*	**VND127,100**	%YoY	13%	11%	10%	33%
		NPAT-MI (VND bn)	11,564	12,787	14,050	13,412
		% YoY	37%	11%	10%	-5%
Upside to TP	+16.7%	EPS % YoY	43%	11%	10%	-7%
Dividend Yield	0.0%	GPM	61.2%	62.6%	65.4%	61.2%
TSR	**+16.7%**	EBITDA margin	64.7%	67.9%	70.3%	71.0%
		OPM	54.5%	57.4%	61.5%	56.5%
Industry	Airports	NPM	52.3%	51.9%	51.7%	35.6%
Market Cap	USD9.3bn	FCF/Sales	-15.0%	-166.3%	-121.4%	-21.0%
Foreign Room	USD4.2bn	EV/EBITDA	16.6x	14.1x	12.3x	9.0x
ADTV30D	USD2.5mn	P/E	22.1x	20.0x	18.2x	16.9x
State Ownership	95.4%	P/B	4.6x	3.9x	3.2x	2.7x
Outstanding Shares	2.2 bn	ROE	21.0%	19.3%	17.6%	14.4%
Fully Diluted Shares	2.2 bn	* TP and rating last updated February 18, 2024				



Company Overview

Airports Corporation Vietnam (ACV) owns and operates almost all of the passenger terminals at Vietnam's 22 active airports. Passenger service charges are the largest component of the company's revenue. ACV was equitized in Q1 2016, and the Committee for Management of State Capital (CMSC) holds a controlling 95.4% stake.

We forecast 2025F/26F NPAT-MI growth of 11%/10%, respectively, followed by a 5% YoY decline in 2027F as LTA operations commence.

We forecast international air passenger numbers to reach 47/51/60 million (+14%/+8%/+18% YoY) in 2025F/26F/27F, respectively. We anticipate Chinese tourist numbers to remain sluggish, while passenger numbers from other major markets have surpassed pre-COVID levels. In 2024, international passenger numbers surged 27% YoY, with international and Chinese arrivals recovering to 98% and 64% of pre-COVID levels.

We forecast domestic passenger numbers of 75/85/90 million (+9%/+12%/+8% YoY) in 2025F/26F/27F. This is supported by more affordable airfares as (1) airlines are adjusting their strategies to adapt to market demand amid aircraft shortages and (2) benefit from lower fuel prices. In addition, improvements in consumer purchasing power should bolster tourism activities and thus, travel demand.

We project provision expenses for bad debts to decline during 2024-2025 and ACV to reclaim most of these receivables in 2025-2028. We observe that ACV's initiatives to control new receivables and enforcing timely airline fee collections have proven effective. We are projecting a bad debt reversal of VND500bn in 2025F.

LTA updates: Contractors have been selected for 3/5 key packages (passenger terminal apron, internal roads, and fuel supply infrastructure), while the LTA-C1 and parking lot tender are processing. We anticipate contractors for the last two packages to be announced in late February 2025. We assume Long Thanh International Airport (LTA) Phase 1 will come online in 2027.

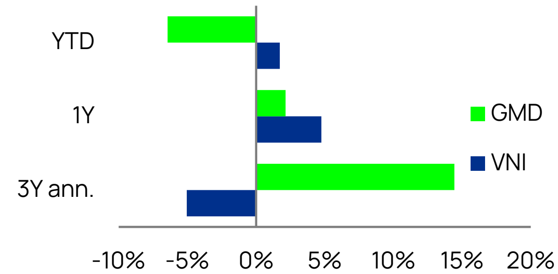
Downside risks: Higher-than-expected bad debt provisions or capex; slower-than-expected airport capacity expansion; lower-than-expected passenger numbers; aviation security service (7% of ACV's 2024 revenue) transfer to the Ministry of Public Security.

GMD – Northern port to overtake southern ports as core profit driver

Rating*	**OUTPERFORM**
Share Price (Feb 19)	VND61,500
Target Price (TP)*	**VND67,400**
Upside to TP	+10.5%
Dividend Yield	2.5%
TSR	**+13.0%**
Industry	Ports
Market Cap	USD1,018mn
Foreign Room	USD45mn
ADTV30D	USD2.6mn
State Ownership	0.0%
Outstanding Shares	414.0 mn
Fully Diluted Shares	414.0 mn

	2024	**2025F**	**2026F**	**2027F**
Revenue (VND bn)	4,832	5,313	6,124	6,704
Revenue % YoY	25.7%	9.9%	15.3%	9.5%
NPAT-MI (VND bn)	1,459	1,508	1,745	2,128
NPAT-MI % YoY	-35.2%	3.4%	15.7%	22.0%
Core EPS** % YoY	77.1%	-4.6%	14.0%	21.8%
GPM	44.7%	46.0%	45.5%	47.6%
EBITDA margin	36.2%	40.2%	42.2%	44.5%
OPM	27.8%	30.0%	31.3%	34.4%
NPM	30.2%	28.4%	28.5%	31.7%
FCF/Sales	0.0%	-43.5%	32.7%	33.1%
EV/EBITDA	9.4x	8.1x	6.9x	6.1x
P/E**	17.3x	18.1x	15.9x	13.1x
P/B	2.0x	1.9x	1.8x	1.7x
ROE	13.9%	11.7%	12.6%	14.1%

* TP and rating last updated Feb 19, 2025.



Company Overview

GMD is one of Vietnam's largest port operators and domestic logistics service providers that has integrated capabilities across the logistics value chain. In addition to its core business in port operations and logistics services,

We project core earnings growth of 9% YoY, mainly driven by double-digit growth of Nam Dinh Vu due to the proven contribution from the Ha Nam canal, outweighing single-digit growth of the southern ports as regional port congestion eases.

We project NDV's 2025F YoY growth of throughput at 15% and ASP at 6%. Our throughput forecast is driven by the Ha Nam canal's proven contribution in enhancing NDV's competitiveness. Since its completion in July 2024, the canal has helped NDV add three new weekly services, driving stronger-than-expected Q4 2024 QoQ throughput growth of 28%. With this momentum, we believe NDV is better positioned to navigate rising competition amid Lach Huyen's capacity tripling in 2025F. Our ASP growth forecast reflects a projected 12% YoY increase in non-container handling fees, while container handling fees remain flat (per NDV's newly announced 2025 fee schedule), with both categories equally weighted.

We project Gemalink's 2025F net profit to rise 3% YoY. We project a 5% YoY decline in throughput to 1.65mn TEUs (110% utilization) from 2024's record high of 1.75mn TEUS (116% utilization) as we expect regional port congestion to ease in 2025F. We note that ad-hoc (unscheduled) shipments accounted for 15%+ of GML's 2024 total throughput. GML's Q4 2024 results support our thesis, with throughput falling 9% QoQ despite Q4's peak season, attributed to fading regional port congestion. We expect 10% YoY ASP growth due to GML's strong competitive position in the CM-TV region, but for the net margin to stay flat YoY due to lower utilization.

Upside potential: Non-core assets divestment. **Downside risk:** Unfavorable US trade policies.

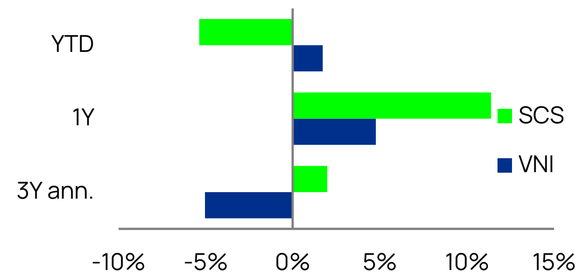
*Note: **Core earnings exclude impact of port divestments and other gains/losses*

SCS - Cutting assumed contribution from LTA-C1, high cash DPS

Rating*	**MARKET PERFORM**
Share Price (Feb 19)	VND75,700
Target Price (TP)*	**VND71,400**
Upside to TP	-5.7%
Dividend Yield	+9.2%
TSR	**3.5%**
Industry	Aviation Services
Market Cap	USD286.6mn
Foreign Room	USD28.1mn
ADTV30D	USD1.5mn
State Ownership	13.6%
Outstanding Shares	94.9 mn
Fully Diluted Shares	94.9 mn

	2024	**2025F**	**2026F**	**2027F**
Revenue (VND bn)	1,037	1,147	1,219	949
%YoY	47%	11%	6%	-22%
NPAT-MI (VND bn)	693	731	779	587
% YoY	39%	5%	7%	-25%
EPS % YoY	39%	5%	7%	-25%
GPM	77.2%	81.8%	82.3%	80.4%
EBITDA margin	74.7%	83.6%	83.7%	81.9%
OPM	75.5%	76.4%	76.8%	74.2%
NPM	66.8%	63.7%	63.9%	61.9%
FCF/Sales	20.3%	53.1%	55.2%	60.6%
EV/EBITDA	7.1x	6.3x	5.9x	7.8x
P/E	9.4x	9.8x	9.2x	12.2x
P/B	5.1x	5.1x	5.2x	6.1x
ROE	50.5%	52.4%	55.7%	45.7%

* TP and rating last updated November 7, 2024



Company Overview

Saigon Cargo Service (SCS) is an air cargo terminal operator located at Tan Son Nhat International Airport (SGN). SCS currently holds 48-49% market share at SGN. SCS also leases airport apron, offices and soccer fields — all located on the same plot of land.

We expect single-digit 2025F NPAT-MI growth. We expect 2025F total throughput growth of 9% YoY and ASP growth of 5% YoY as demand further recovers, driving EBIT growth of 12% YoY. However, we project 5% YoY 2025F NPAT-MI due to a higher corporate income tax (CIT) rate. SCS's CIT rate will return to the standard 20% from 2025F onward, after 15 years of enjoying preferential CIT rates of 0-10%.

We have already removed SCS's potential 20% stake in LTA's cargo terminal No.1 (LTA-C1), as ACV is the sole investor in the project. The remaining way for SCS to join the project is via operation. LTA-C1's operations could proceed in three ways: (1) ACV operates independently, (2) partners with a professional company, or (3) hires one to manage the terminal. We view scenarios 2 and 3 as more likely, with SCS as the probable choice. This could provide upside to SCS's earnings (from operational fees), but we have not included this in our model due to insufficient details regarding each of the possible outcomes. As of February 19, 2024, the construction bidding package for LTA-C1 has been open, while the package for operation is expected to be opened soon (no further details disclosed by SCS).

Our TP implies a 2025F P/E of 9.3x, equivalent to around 3 standard deviations below SCS's 4Y historical average of 13.0x. We believe this valuation is fair given (1) the uncertainty regarding the prospect of SCS being able to co-invest in the new LTA-C1, and (2) uncertainty around its potential role as (one of) the LTA-C1 operator(s).

Upside potential: Operational fees from LTA-C1.

Downside risks: Lower trade flows, higher-than-expected cargo relocation from SGN to LTA.

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