



SIP Flash note - BUY

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Earnings Flash note

Recommendation

BUY

HSX: SIP

Property

Target price (VND) 95,800

Market price (VND) 73,700

Expected share price return 30.0%

Expected dividend yield 2.4%

Expected total return 32.4%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	34.2	3.8	-0.9	71.1
Relative	21.3	5.6	-2.5	45.7

Source: Bloomberg



Ownership

An Loc Urban Development & Investment JSC	19.93%
Mr. Tran Manh Hung (Chairman)	10.30%
Nam Tan Uyen IP JSC	9.08%
Mr. Lu Thanh Nha (CEO)	7.56%

Stock Statistics

1-Nov-24

Bloomberg code SIP VN

52-week range (VND) 44,000 - 87,900

Shares O/S (m) 211

Mkt cap (VND bn) 15,516

Mkt cap (USD m) 610

Est. Foreign room left (%) 47

Est. free float (%) 57

3m avg daily vol (shrs) 339,982

VND/USD 25,454

Index: VNIndex / HNX 1254.89/225.41

SAIGON VRG INVESTMENT JSC (SIP VN)

Positive 3Q2024 and 9M2024 results. Revise estimated 2024 PAT up by 5% given an increase in estimated financial income. Target price at YE2025 is VND95,800/share, up by 12% compared to YE2024 target price because we roll forward valuation to 2025 and accelerate leasing progress at Phuoc Dong IP.

SIP posted positive 3Q2024 result with revenue of VND1,977bn (+16% YoY) and NPAT of VND314bn (+54% YoY). In 9M2024, the company recorded impressive growth with revenue of VND5,738 bn (+20% YoY) and NPAT of VND902 bn (+36% YoY), completing 106% and 114% of its targets and 73% and 79% of our forecast, respectively. Growth in 3Q2024 and 9M2024 mainly came from power & water supply segment and financial income.

Power & water supply segment: In 9M2024, this segment posted revenue of VND4,783 bn (+20% YoY), accounting for 83% of total revenue. Growth mainly came from higher power volume distributed in industrial parks (IPs). Segmented gross margin was 8.1%, unchanged YoY.

IP land leasing segment: In 9M2024, revenue from IP land leasing slightly increased by 4% YoY, to VND281 bn, accounting for 5% of total revenue. Segmented gross margin increased strongly from 57.5% to 68.4% thanks to higher leasing rate. SIP leased 55 ha at Phuoc Dong IP in 3Q2024, much higher than 0ha in 1Q2024 and 19ha in 2Q2024. Accumulatively, it leased 74ha in 9M2024, of which 58ha at Phuoc Dong IP was mainly for an UK textile and garment company and 16ha at Loc An Binh Son IP for SEA Logistics Partners. Thus, the company far exceeded its full-year leasing target of 47ha and our forecast of 35ha. By the end of 3Q2024, SIP's remaining NLA was 960 ha, of which 80% has completed land clearance process.

In 9M2024, financial income jumped by 31% YoY, to VND392 bn, of which profit from disposal of investment (i.e. selling VRG, GVR and CSM shares) was VND140bn (+40% YoY) which was higher than our projection.

In 9M2024, SIP's total debts increased by nearly VND2 trn, to VND3,674 bn mainly because the company had a new loan balance of VND1,163 bn from Vietcombank to finance for the clearance and compensation of Phuoc Dong Boi Loi - Phase 3. Thus, **Net cash/Equity ratio reduced from 56.7% to 24.4% in 9M2024.**

Quick comment: We keep estimated 2024 revenue unchanged at VND7,789 bn (+17% YoY) but revise NPAT up by 5% to VND1,193 bn (+19% YoY) as we increase estimated financial income by 21%. We suggest a target price of VND95,800/share at YE2025, up by 12% compared to YE2024 target price as we roll forward valuation to 2025 and accelerate leasing progress at Phuoc Dong IP.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	5,578	6,035	6,677	7,789	8,800
Growth	9.7%	8.2%	10.6%	16.7%	13.0%
EBITDA (VNDbn)	955	1,119	1,232	1,409	1,626
Growth	2.1%	17.1%	10.1%	14.4%	15.4%
PATMI (VNDbn)	835	977	927	1,112	1,182
Growth	-18.6%	17.0%	-5.1%	19.9%	6.3%
EPS (bonus-adjusted, VND)	3,734	4,287	4,062	4,838	5,144
Growth	-18.4%	14.8%	-5.3%	19.1%	6.3%
ROE	31.5%	31.4%	27.2%	28.1%	24.8%
ROIC	3.6%	4.0%	3.7%	4.4%	4.3%
Net debt/EBITDA (times)	-4.2	-3.1	-1.9	-1.2	-0.7
EV/EBITDA (times)	15.2	13.0	11.8	10.3	8.9
PER (times)	19.9	17.3	18.3	15.4	14.4
PBR (times)	2.3	2.1	3.8	3.6	3.0
DPS (VND)	2,800	4,500	1,600	1,600	1,800
Dividend yield	3.8%	6.1%	2.2%	2.2%	2.4%

Table: 9M2024 business result

Unit: VNDbn	9M2023	9M2024	YoY growth	2024 Target	% Completion
Total revenue	4,763	5,738	+20%	5,388	106%
Power & water supply	3,985	4,783	+20%		
Services provided in IPs	274	350	+28%		
IP land leasing	270	281	+4%		
Sales of goods and finished products	96	90	-6%		
Others	138	234	+70%		
Gross profit	638	812	+27%		
Financial income	300	392	+31%		
Financial expense	71	75	+5%		
SG&A expenses	76	77	+1%		
NPAT	663	902	+36%	793	114%

Sources: SIP, ACBS

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BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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