

Sonadezi Chau Duc JSC (HSX: SZC)

Business recovery requires more time

- 1H25 revenue and net profit (NP) grew 33%/32% yoy, driven by the recognition of the contract with Tripod Vietnam, fulfilling 64% of our forecast;
- We forecast FY25-26F NP to change -1%/+9% yoy, down 13%/16% vs. previous report, due to weaker land-leasing demand under the new U.S. tariffs and lackluster performance in the residential property segment;
- We maintain a HOLD rating on SZC with an unchanged target price of VND 39,300/share.

1H25 NP grew strongly thanks to land lease contracts signed last year

In 1H25, the majority of revenue and NP came from an industrial land lease contract with Tripod Vietnam for an area of 18 ha. As a result, revenue from land leasing rose 30% yoy, with a high gross margin of 59%. Meanwhile, revenue from residential property sales at Huu Phuoc declined sharply by 62% yoy due to the prolonged weakness in the real estate market. BOT 768 was allowed to resume toll collection from early 2Q25, generating revenue of VND 32 billion. In summary, 1H25 NP increased 32% yoy, fulfilling 64% of our full-year forecast.

IP segment recovers post-merger, real estate segment remains sluggish

In 2025, we forecast IP revenue to come mainly from two contracts signed with Tripod Vietnam and Ton Vina One. Looking ahead to 2026, we expect SZC holds strong advantages in attracting large enterprises, supported by (1) significant infrastructure investment in Ba Ria–Vung Tau, and (2) an expected surge in FDI inflows. We forecast FY25-26F IP revenue growth of 13.7%/14.4% yoy, down 24%/20% vs. previous report. Meanwhile, we sharply cut our FY25-26F residential property revenue by 78%/53% vs. previous report, given the lack of recovery in the real estate market. In 2025-26, we forecast revenue growth of 21%/16% yoy and NP change of -1%/+9% yoy, representing downward revisions of 19%/16% and 13%/16% vs. previous forecasts, respectively.

We recommend HOLD with a target price of VND 39,300/share

We maintain our target price for SZC, as the lower valuation of the IP segment is offset by the higher valuation of the residential property segment, driven by applying a higher average P/B multiple. The stock price has rebounded strongly, returning to levels close to those before the US tariff event, leaving limited upside potential. Downside risks include: (1) higher-than-expected impact of US tariffs leading to weaker demand; (2) higher land clearance costs following the new Land Law effective from 2025; (3) prolonged weakness in the real estate market.

VNDbn	2023	2024	2025F	2026F
Revenue	818	871	1,054	1,218
NP	218	302	300	328
Revenue growth	-4.8%	6.4%	21.0%	15.6%
NP growth	11.3%	38.6%	-0.7%	9.2%
Gross margin	42.8%	49.5%	46.8%	44.8%
EBITDA margin	79.4%	83.0%	49.9%	46.2%
ROAE	13.3%	12.5%	9.5%	10.1%
ROAA	3.3%	4.0%	3.6%	3.8%
EPS (VND/share)	1,816	1,678	1,667	1,820
BVPS (VND/share)	14,478	17,254	17,921	18,241

(Source: SZC, MBS Research)

HOLD

Target price

VND 39,300

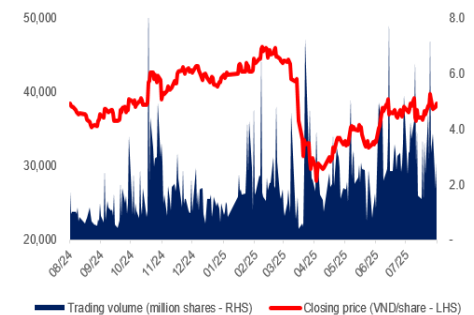
Upside

4.9%

Key changes in the report

- Decreasing FY25-26F NP by 13%/16% vs. previous report

Information



(Source: Fiinpro, MBS Research)

Current price (VND)	37,450
52W High (VND)	46,200
52W Low (VND)	28,000
Market Cap (VNDbn)	6,740
P/E (TTM)	19.4
P/B	2.2
Dividend yield (%)	2.7%
Foreign ownership (%)	2.8%

Ownership

Sonadezi Corp (SNZ)	46.8%
Sonadezi Long Thanh (SZL)	10.1%

Source: <https://s24.mbs.com.vn/>



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Sonadezi Chau Duc JSC

Business results in 2Q25 and 1H25

1H25 revenue and NP grew by 33% and 32% yoy respectively

Figure 1: Business results in 2Q25 and 1H25

VNDbn	2Q25	yoy (%)	1H25	yoy (%)	% MBS forecast	Comments
Revenue	218	-17%	632	33%	49%	
- <i>IP</i>	161	-31%	555	30%	49%	In 1H25, revenue from land leasing was mainly recognized from the contract signed with Tripod Vietnam, with one-off revenue of VND 518 billion and straight-line revenue of VND 37 billion.
- <i>Residential property</i>	5	-54%	5	-62%	6%	Revenue declined sharply due to lower handovers at the Huu Phuoc project.
- <i>BOT</i>	32	N/A	32	N/A	N/A	The BOT 768 toll station resumed fee collection on April 5, 2025, after more than four years of suspension.
Gross margin	63%	6 pts	51%	-1 pts	9 pts	
- <i>IP</i>	79%	17 pts	59%	0 pts	9 pts	In 2Q25, the gross margin improved, rising by 17 pts. In 1H25, the gross margin stood at 59%, in line with 1H24.
- <i>Residential property</i>	57%	-10 pts	47%	-18 pts	7 pts	
- <i>BOT</i>	49%	N/A	49%	N/A	N/A	The gross margin was comparable to the level recorded in the previous operating period
Selling expenses	2	383%	14	2806%	36%	Selling expenses rose significantly in 1Q25, mainly due to a newly incurred customer referral consulting fee of over VND 11 billion.
Administrative expenses	16	21%	37	65%	44%	
SG&A	18	29%	51	121%	42%	
% SG&A/ revenue	8%	3 pts	8%	3 pts	-1 pts	
Interest income	7	510%	13	228%	64%	Interest income increased significantly, driven by undeployed proceeds from the recent capital raising.
Financial expenses	8	-27%	14	-30%	26%	
Pre-tax profit	118	-6%	275	31%	70%	
Tax	23	-4%	54	28%	113%	
NP	95	-7%	221	32%	64%	In 1H25, NP rose 32% yoy, fulfilling 64% of our full-year forecast.

(Source: SZC, MBS Research)

We down FY25-26F NP by 13%/16% vs. previous report

Figure 2: FY25–26F business results

VNDbn	2024	2025	yoy (%)	% change	2026	yoy (%)	% change	Comments
Revenue	871	1,054	21%	-19%	1,218	16%	-16%	
- <i>IP</i>	765	870	14%	-24%	995	14%	-20%	We revised down FY25-26F IP revenue by 24%/20%, reflecting the impact of higher US tariffs that have dampened industrial land demand.
- <i>Residential property</i>	31	17	-46%	-78%	52	203%	-53%	We sharply lowered our revenue forecast from land sales at the Huu Phuoc residential area, given the continued weakness in the real estate market. We postponed the company's handover schedule for the social housing project to 2026, as the project has recently obtained approval for sale eligibility, later than expected.
- <i>BOT</i>	-	90	N/A	N/A	92	2%	N/A	We added BOT toll fee revenue to our model.
Gross profit	431	493	14%	-10%	545	11%	-10%	
- <i>IP</i>	466	484	4%	-15%	507	5%	-22%	
- <i>Residential property</i>	22	11	-49%	-64%	18	67%	-44%	
- <i>BOT</i>	-12	45	N/A	N/A	46	2%	N/A	
Gross margin	49%	47%	-3 pts	5 pts	45%	-2 pts	3 pts	
- <i>IP</i>	61%	56%	-5 pts	6 pts	51%	-5 pts	-1 pts	
- <i>Residential property</i>	69%	65%	-4 pts	25 pts	36%	-29 pts	6 pts	
- <i>BOT</i>	N/A	50%	N/A	N/A	50%	0 pts	N/A	We forecast the gross margin to remain comparable to the previous operating period.
SG&A	61	103	68%	-16%	119	15%	-13%	
% SG&A/revenue	7%	10%	3 pts	0 pts	10%	0 pts	0 pts	
Interest income	40	21	-47%	3%	17	-20%	26%	
Financial expenses	35	26	-26%	-51%	29	13%	-17%	
Pre-tax profit	375	385	3%	-2%	415	8%	-7%	
NP	302	300	-1%	-13%	328	9%	-16%	We lowered FY25-26F NP by 13%/16% vs. previous report.

(Source: SZC, MBS Research)

IP segment regaining momentum

In 2025, we forecast IP revenue to come from two contracts signed last year with Tripod Vietnam (18 ha) and Ton Vina One (12 ha). We revised down the handovered land area from 40 ha to 34 ha, as the new US tariff policy has delayed the land handover schedule. Accordingly, IP revenue is reduced by 24% from our previous forecast, to VND 870 billion.

For 2026, we expect IP revenue to grow 14% yoy, supported by accelerated infrastructure development following the adjusted master plan of Ba Ria–Vung Tau, as well as improved competitiveness of Vietnamese goods thanks to trade negotiation outcomes.

- ✓ Under the adjusted master plan, by 2030, Ba Ria–Vung Tau is expected to have 23 provincial roads, including 12 upgraded/expanded existing roads and 11 new additions. Notably, the Ho Tram – Long Thanh Airport expressway has been added to the list of priority projects, scheduled to commence in early 2026 and become operational in 3Q27. The Bien Hoa – Vung Tau expressway, which runs through several IPs - including Chau Duc IP, located in close proximity - is expected to be fully operational by December 2025

Figure 3: Key projects in former BRVT

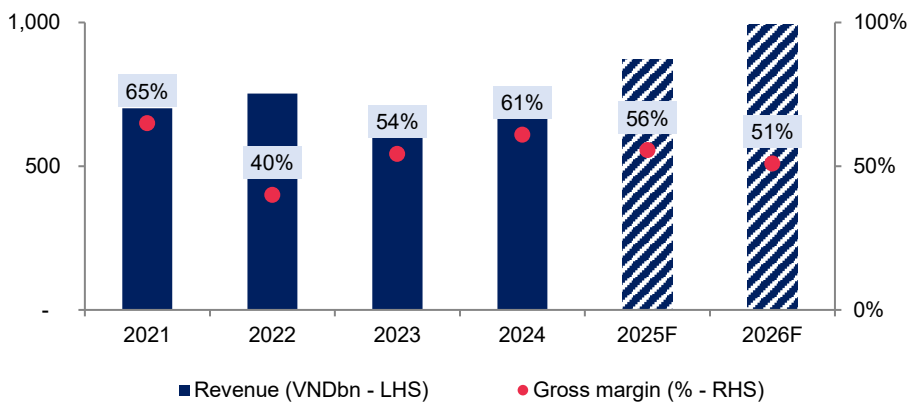
Projects	Investment capital (VNDbn)	Timeline	Comments
Bien Hoa–Vung Tau highway	23,000	2023-2025	These projects will ease traffic congestion on National Highway 51, shorten travel time between Ho Chi Minh City and Ba Ria–Vung Tau, maximize the capacity of the Cai Mep–Thi Vai seaport cluster, and enhance connectivity for the Southern Key Economic Region.
Phuoc An bridge	4,900	2022-2027	Facilitating cargo transportation from the Cai Mep–Thi Vai port cluster to Dong Nai, Ho Chi Minh City, and neighboring provinces.
991B Route	4,000	2018-2024	Enhancing connectivity between National Highway 51 and the Cai Mep port cluster in Ba Ria–Vung Tau
Ho Tram–Long Thanh expressway	26,000	2026-2027	Expanding urban development space
Cai Mep Ha logistics center	19,300	Planning	Positioning Ba Ria–Vung Tau as a regional logistics and transshipment hub

(Source: MBS Research)

- ✓ The tariffs applied by the US are 20% on Vietnamese goods and 40% on goods transshipped through Vietnam. Compared with other countries in the region such as Thailand, Indonesia, the Philippines, and Malaysia (all at 19%), the tariff rate imposed on Vietnamese goods is not significantly different. Meanwhile, India—a key competitor to Vietnam in attracting FDI—faces tariffs as high as 50%. FDI inflows in 7M25 remained positive, with registered and disbursed capital growing by 27.3% and 8.4% yoy, respectively. We expect that, following the recent pause pending trade negotiations, FDI inflows into Vietnam will accelerate strongly in 2H25.

We forecast FY25-26F IP revenue to reach VND 870 billion and VND 995 billion, representing growth of 13.7% and 14.4% yoy, but down 24% and 20% vs. previous report.

Figure 4: FY25-26F IP revenue



(Source: SZC, MBS Research)

The residential property segment shows no signs of recovery

Figure 5: Huu Phuoc residential area

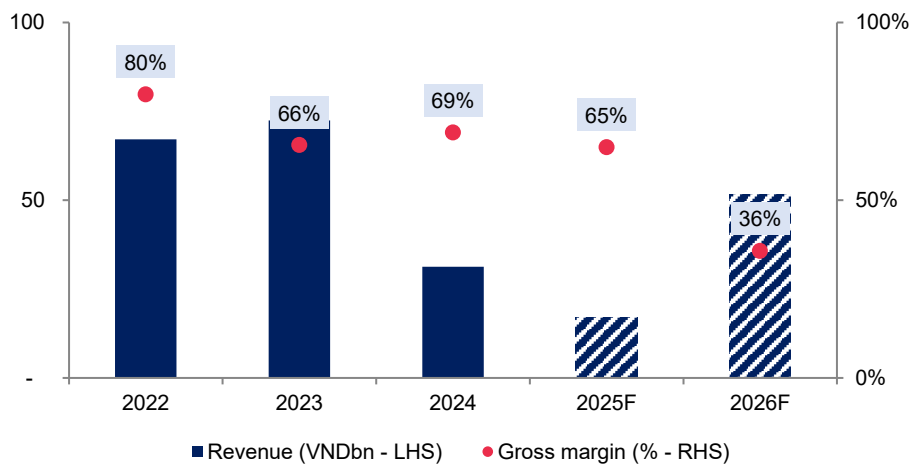
	Shophouse	Townhouse (196 m2)	Townhouse (175 m2)	Social housing
No.	164 units (phase 1: 94 units, phase 2: 70 unit)	126 units in phase 1	384 units (phase 1: 141 units, phase 2: 243 units)	1,213 units (phase 1: 210 units, phase 2: 1,003 units)
Area	224 m2	196 m2	175 m2	25-68 m2
Prices	25-28 million VND/m2	9-11 million VND/m2	8-10 million VND/m2	12-14 million VND/m2
Progress	Under construction and handover 138 units have been approved for sale. Cooperating with D2D to develop and commercialize 28 shophouses	Under construction and handover 128 units in phase 2 have been approved for sale. Cooperating with D2D to develop and commercialize 54 units		Under construction 210 units in phase 1 have been approved for sale. The project is being jointly developed in phase 1, with SZC contributing 40%

(Source: SZC, D2D, MBS Research)

Due to the prolonged downturn in the real estate market, we forecast revenue from commercial housing handovers at the Huu Phuoc residential area in 2025–26 to change by -46%/+50% yoy, reaching VND 17 billion and VND 26 billion, respectively. The social housing project at Huu Phuoc has recently been approved by the Ba Ria–Vung Tau Department of Construction as eligible for sale, later than expected. As a result, we postpone the handover timeline to 2026, with forecasted revenue contribution of VND 0 billion in 2025 and VND 26 billion in 2026. Consequently, we revise down FY25-26F revenue by 78%/53% vs. previous report, to VND 17 billion (-46% yoy) and VND 52 billion (+203% yoy), respectively.

In addition, the company is completing procedures for the Chau Duc urban area project (land area: 496 ha, investment capital: over VND 8,000 billion). As of end-2Q25, the project's inventory value reached VND 1,542 billion, accounting for 86% of the company's total inventory, mainly consisting of land clearance costs.

Figure 6: FY25-26F residential property revenue



(Source: SZC, MBS Research)

BOT 768 toll station resumes operations

After more than four years of suspension, the BOT 768 toll station was allowed to resume fee collection on April 5, 2025. The project has been revised with reduced investment capital of VND 425 billion (down VND 190 billion) and a shortened collection period of 24 years (down 11 years). For the period 2025–2029, toll rates will remain unchanged from the previous schedule, and from 2030 onward, rates will increase 1.5 times. We forecast BOT toll revenue of VND 90 billion and VND 92 billion in 2025–26, with a gross margin of 50%, comparable to the previous operating period.

Investment thesis and Valuation

Investment thesis

- (1) Ba Ria–Vung Tau province still holds significant development potential, with many infrastructure projects under accelerated construction. The Bien Hoa – Vung Tau expressway is expected to be operational by the end of 2025, enhancing the competitiveness of Chau Duc IP in attracting large-scale enterprises;
- (2) US tariffs on Vietnamese goods are not significantly different from those imposed on other countries in the region. Meanwhile, India—Vietnam's key competitor in attracting FDI—faces tariff rates as high as 50%. We expect FDI inflows into Vietnam to accelerate strongly from the second half of 2025.
- (3) Large unutilized land bank, including more than 400 ha of IP land and 500 ha of residential/urban development land.

Downside risks

- (1) Risk of weaker-than-expected demand for industrial land leasing due to higher US tariffs;
- (2) Rising site clearance costs are a concern following the implementation of the amended Land Law in 2025, as compensation will be based on market prices, potentially driving up expenses;
- (3) Prolonged weakness in the real estate market;

Valuation

We maintain our target price for SZC at VND 39,300/share.

Figure 7: Valuation for SZC

	Valuation (VNDbn)	Method	Notes
IP	5,926	DCF	We raised our discount rate (WACC) from 11.4% to 12.5%, reflecting the company's capital structure adjustment with higher equity and lower debt.
Residential property	2,617		
- Huu Phuoc	320	RNAV	
- Chau Duc	2,297	P/B	As the project is still in the process of completing legal procedures, we apply a 1.5x book value multiple (based on forward average P/B multiple for the residential property segment)
BOT 768	193	DCF	We change our valuation methodology from BV to DCF, given the resumption of toll station operations.
Total assets	8,721		
(+) Cash and cash equivalents	350		
(+) Short and long-term investments	188		
(-) Debts	2,188		
(-) Minority interests	-		
Equity value	7,070		
Share outstanding	179,985,863		
Value per share (VND)	39,300		

(Source: SZC, MBS Research)

Figure 8: Peer comparison

Company name	Ticker	Market price	Target price	Recommendation	Market Cap (VNDbn)	P/E		P/B		ROE (%)		ROA (%)	
						TTM	2025	TTM	2025	TTM	2025	TTM	2025
Becamex IDC	BCM	70,500	77,500	HOLD	72,968	20.2	36.3	3.5	3.5	18.2	9.6	6.3	3.6
IDICO	IDC	45,000	48,300	HOLD	17,078	11.0	10.2	2.9	2.8	27.3	27.5	8.0	10.4
Kinh Bac City	KBC	40,100	40,000	HOLD	37,764	20.5	22.6	1.5	1.6	7.0	7.1	2.7	2.6
Sonadezi Chau Duc	SZC	37,450	39,300	HOLD	6,740	19.4	22.5	2.2	2.1	11.4	9.5	4.4	3.6
Industry average						17.8	22.9	2.5	2.5	16.0	13.4	5.4	5.1

(Source: Bloomberg, MBS Research)

Financial Statements

Income statement	2023	2024	2025F	2026F	Cash flow statement	2023	2024	2025F	2026F
Revenue	818	871	1,054	1,218	Pre-tax profit	267	375	385	415
Cost of goods	(468)	(440)	(561)	(673)	Depreciation & amortization	338	313	114	119
Gross profit	350	431	493	545	Tax paid	(48)	(72)	(86)	(87)
Gen & admin expenses	(46)	(56)	(77)	(86)	Other adjustments	32	(1)	98	(13)
Selling expenses	(9)	(5)	(26)	(32)	Changes in working capital	30	43	(152)	41
Operating profit	295	369	390	427	CF from operations	619	657	360	474
Operating EBITDA	633	683	504	545	Capex	(718)	(649)	(874)	(219)
EBIT	295	369	390	427	Proceeds from assets sales	2	0	-	-
Interest income	17	40	21	17	CF from investing activities	(690)	(919)	(648)	(225)
Financial expense	(46)	(35)	(26)	(29)	New share issuance	-	1,200	-	-
Net other income	(0)	(0)	-	-	Net borrowings	32	(336)	126	150
Income from associates&JV	-	-	-	-	Other financial cash flow	-	-	-	-
Pre-tax profit	266	374	385	415	Dividend paid	(6)	(119)	(180)	(270)
Tax expense	(48)	(72)	(86)	(87)	CF from financing activities	27	745	(54)	(120)
NPAT	218	302	300	328	Beginning cash & equivalents	266	222	705	364
Minority interests	-	-	-	-	Total cash generated	(44)	483	(342)	129
NP	218	302	300	328	Ending cash and equivalents	222	705	364	493
Ordinary dividends	-	(120)	(180)	(270)					
Retained earnings	218	182	120	58					
					Key ratios	2023	2024	2025F	2026F
Balance sheet	2023	2024	2025F	2026F	Revenue growth	-4.8%	6.4%	21.0%	15.6%
Cash and cash-equivalents	222	705	364	493	EBITDA growth	-11.3%	7.9%	-26.2%	8.2%
Short term investments	30	335	109	115	EBIT growth	13.8%	25.1%	5.5%	9.5%
Account receivables	67	150	113	116	Pre-tax profit growth	9.6%	40.8%	3.0%	7.6%
Inventories	1,621	1,743	1,917	2,109	NP growth	11.3%	38.6%	-0.7%	9.2%
Total current assets	2,064	3,067	2,589	2,924	EPS growth	-7.3%	-7.6%	-0.7%	9.2%
Fixed assets	789	754	804	859					
Construction in progress	-	-	-	-	Gross margin	42.8%	49.5%	46.8%	44.8%
Investment property	1,055	1,120	1,146	1,177	EBITDA margin	79.4%	83.0%	49.9%	46.2%
Investments in subsidiaries	-	-	-	-	NP margin	26.6%	34.7%	28.5%	26.9%
Investments in associates	-	-	-	-	ROAE	13.3%	12.5%	9.5%	10.1%
Other long-term investments	3,051	3,283	3,926	3,946	ROAA	3.3%	4.0%	3.6%	3.8%
Total non-current assets	4,897	5,159	5,878	5,984	ROIC	4.9%	5.6%	5.3%	5.6%
Total assets	6,961	8,226	8,467	8,908					
					Asset turnover	0.12	0.11	0.13	0.14
Short-term borrowings	624	676	844	934	Dividend payout ratio	0.0%	39.7%	60.0%	82.4%
Accounts payable	268	180	228	231	D/E	153.6%	75.1%	76.2%	79.4%
Other short-term payables	920	1,056	824	856	Net debt to total equity	140.8%	52.4%	64.9%	64.4%
Total current liabilities	1,813	1,912	1,896	2,021	Net debt to asset	35.1%	19.8%	24.7%	23.7%
Long-term borrowings	2,044	1,657	1,614	1,674	Interest coverage ratio	6.4	10.7	15.2	14.6
Other long-term payables	1,368	1,552	1,731	1,929					
Total long-term liabilities	3,411	3,209	3,345	3,604	Days account receivable	28.4	30.3	12.2	12.4
Total liabilities	5,224	5,120	5,242	5,625	Days inventory	1,265	1,446	1,247	1,144
					Days account payable	209	149	149	125
Common share	1,200	1,800	1,800	1,800					
Share premium	5	604	604	604	Current ratio	1.1	1.6	1.4	1.4
Treasury shares	-	-	-	-	Quick ratio	0.2	0.7	0.4	0.4
Undistributed earnings	404	544	664	721	Cash ratio	0.1	0.5	0.2	0.3
Investment and development funds	128	158	158	158					
Shareholders' equity	1,737	3,106	3,226	3,283	Valuation				
Minority interests	-	-	-	-	EPS (VND/share)	1,816	1,678	1,667	1,820
Total shareholders' equity	1,737	3,106	3,226	3,283	BVPS (VND/share)	14,478	17,254	17,921	18,241
Total liabilities & equity	6,961	8,226	8,467	8,908	P/E	20.6	22.3	22.5	20.6
					P/B	2.6	2.2	2.1	2.1

(Source: SZC's financial statements, MBS Research)

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MBS RECOMMENDATION FRAMEWORK

Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

ADD	The stock's total return is expected to reach 15% or higher over the next 12 months
HOLD	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months
REDUCE	The stock's total return is expected to fall below negative 10% over the next 12 months

Sector Ratings

POSITIVE	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
NEUTRAL	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
NEGATIVE	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

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Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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