

IDICO Corporation (HNX: IDC) Growth may slowdown in 2025

- In 3Q24, net profit (NP) increased 218% yoy. In 9M24, NP increased 95% yoy thanks to 90 hectares of handovered industrial park (IP) land and real estate transfer, fulfilling 98% of our full-year forecast;
- We forecast NP to increase by 30%/1%/5% yoy in FY24-26F thanks to two new IPs;
- We recommend HOLD for IDC with a target price of VND 55,500/share.

Core business segments all grew in 9M24

In 3Q24, IP revenue reached VND 892 billion (+100% yoy), energy revenue reached VND 893 billion (+22% yoy). Net revenue and NP reached VND 2,276 billion (+58% yoy) and VND 511 billion (+218% yoy), respectively. In 9M24, net revenue reached VND 6,891 billion (+38% yoy) and NP reached VND 1,639 billion (+95% yoy). IDC handed over 90 hectares of IP land, the average rental rate reached USD 135/sqm, the newly rental area reached 65 hectares fulfilling 45% of the target. In 9M24, net revenue and NP fulfilled 82% and 98% of our full-year forecast, respectively.

We forecast NP to grow 30%/1%/5% yoy in FY24-26F thanks to the launch of two new IPs

In 2024, we forecast NP to increase by 30% yoy, up 9% yoy from our previous forecast thanks to the Bac Chau Giang phase 1 project. In FY25-26F, we forecast NP to increase by 1% and 5% yoy, up 7% and 5% yoy from our previous forecast thanks to the launch of two new IPs (Tan Phuoc 1 IP and My Xuan B1 Ext IP). The company expects to book profit from the land handover of the Central residential area expansion in Long An to Aeon and the Bac Chau Giang phase 2 project in 2025. The hydro power production is expected to be more positive thanks to favorable hydrological conditions during the La Nina phase, and the electricity distribution would be stable after the operation of the Huu Thanh substation.

Recommend HOLD with a target price of VND 55,500/share

We value IDC stock based on the SOTP method, maintaining our target price of VND 55,500/share. The recent decline in stock price reflects the risk that the contracted land area is lower than the target, which may cause the growth momentum in 2025-26 to be lower than in 2024. Downside risks include (1) Risk of economic recession causing demand for IP land to decline (2) Risk of land clearance causing project delays (3) Higher land clearance costs after the new Land Law takes effect.

VNDbn	2023	2024F	2025F	2026F
Revenue	7,237	8,556	8,961	10,063
NP	1,394	1,807	1,821	1,916
Revenue growth	-3.3%	18.2%	4.7%	12.3%
NP growth	-21.2%	29.7%	0.8%	5.2%
Gross margin	33.5%	38.2%	36.1%	34.7%
EBITDA margin	42.8%	45.0%	42.8%	39.8%
ROAE	28.1%	34.7%	31.2%	29.3%
ROAA	8.0%	9.7%	9.3%	9.5%
EPS (VND/share)	4,223	5,475	5,518	5,806
BVPS (VND/share)	15,069	16,484	18,941	20,681

(Source: IDC, MBS Research)

HOLD

Target price

VND 55,500

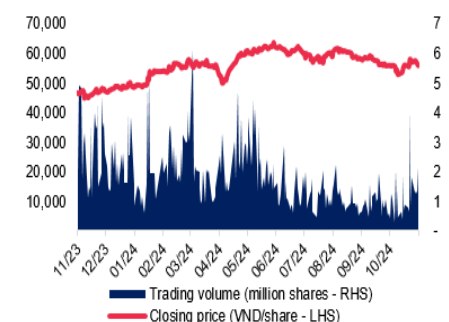
Upside

2.4%

Key changes in the report

- Increasing FY24-26F EPS by 9%/7%/5%

Information



Source: MBS Research

Current price (VND)	54,200
52W High (VND)	63,800
52W Low (VND)	44,800
Market Cap (VNDbn)	17,886
P/E (TTM)	8.2
P/B	3.4
Dividend yield (%)	7.4%
Foreign ownership (%)	23%

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

Ownership

SSG Group	22.5%
Bach Viet	11.9%



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IDICO Corporation

Business results in 3Q24 and 9M24

In 9M24, revenue and NP grew 38% and 95% yoy respectively

Figure 1: Business results in 3Q24 and 9M24

VNDbn	3Q24	qoq (%)	yoy (%)	9M24	yoy (%)	% MBS forecast	Comments
Revenue	2,276	6%	58%	6,891	38%	82%	
- IP	892	9%	100%	3,019	52%	84%	In 3Q24, IDC handed over 23 hectares of IP land booked once (Huu Thanh IP: 18 hectares, Phu My 2 IP: 2 hectares, Cau Nghin IP: 1.3 hectares and the remaining part of Que Vo 2 IP), including 10 hectares of IP land from 2023 contracts. In 9M24, IDC handed over about 90 hectares of IP land, the average rental rate reached USD 135/sqm (+11% yoy).
- Energy	893	14%	22%	2,361	14%	70%	
Hydro power	128	102%	13%	256	-20%	42%	In 3Q24, hydro power production reached 145 million kWh (+7% yoy), of which Srok Phu Mieng and Drak Mi 3 reached 90 million kWh (-2% yoy) and 55 million kWh (+27% yoy), respectively. In 9M24, Srok Phu Mieng and Drak Mi 3 reached 154 million kWh (-12% yoy) and 116.5 million kWh (-20% yoy), respectively, due to unfavorable weather conditions.
Electricity distribution	765	7%	24%	2,105	20%	76%	Electricity production reached 421 million kWh (+18% yoy) in 3Q24 and 1,158 million kWh (+13% yoy) in 9M24 thanks to the operation of Huu Thanh substation phase 1 (63 MVA).
- Residential property	121	37%	544%	490	567%	129%	Revenue was higher than our forecast as LINCO (IDC holds a 51% stake) launched the Bac Chau Giang project.
Gross profit	793	-2%	96%	2,701	69%	89%	
Gross margin	35%	-3 pts	+7 pts	39%	+7 pts	+3 pts	
- IP	58%	-7 pts	+11 pts	63%	+10 pts	+9 pts	Improved gross margin due to the handover of large IP areas in Phu My 2 IP and Phu My 2 Ext IP having high gross margin of over 70%.
- Energy	11%	6 pts	-2 pts	7%	-4 pts	-5 pts	Gross margin decreased as electricity distribution with low gross margin increased its proportion in revenue.
Hydro power	57%	29 pts	-10 pts	42%	-13 pts	-14 pts	Gross margin down due to unfavorable hydrological conditions
Electricity distribution	3%	0 pts	0 pts	3%	0 pts	0 pts	
- Residential property	61%	-15 pts	-15 pts	71%	2 pts	-6 pts	Gross margin reached 71%, up 2 pts yoy. This is a high margin compared to the real estate industry average of about 40-50%.
SG&A	88	-3%	-2%	272	8%	57%	
% SG&A/revenue	4%	0 pts	-2 pts	4%	-1 pts	-2 pts	
Interest income	44	13%	52%	115	-13%	53%	
Financial expenses	34	-2%	-20%	104	-29%	54%	
Pre-tax profit	717	-3%	180%	2,453	89%	95%	
NP	511	18%	218%	1,639	95%	98%	Revenue and NP reached 82% and 98% of our full-forecast, respectively.

(Source: IDC, MBS Research)

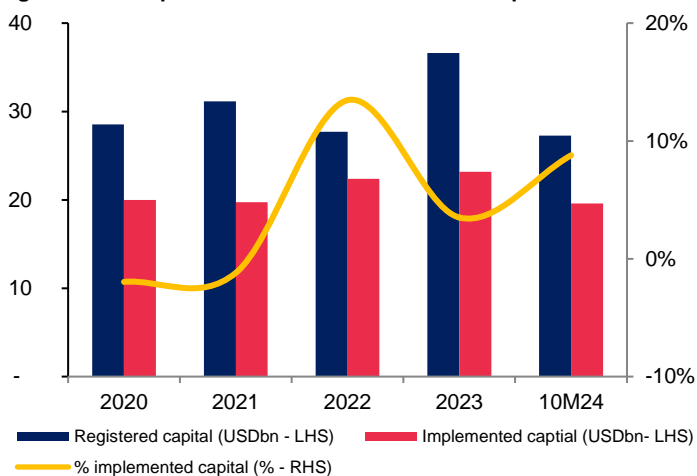
IP segment: Growth momentum comes from two new IPs

FDI capital flows continue to be a spotlight

In 10M24, registered and implemented FDI capital reached USD 27.3 billion (+1.9% yoy) and USD 19.6 billion (+8.8% yoy), respectively. This is a good growth rate in the context of a difficult world economy when many countries tightened monetary policies. FDI capital flows maintained a good growth momentum thanks to: (1) effective FTAs (2) improved labor productivity (3) attractive electricity costs (4) built transport infrastructure. We believe that Vietnam is still a favorite destination for capital flows thanks to the China +1 strategy, especially after the US election results - the new President's tariff policy will cause investment capital to flow out of China to countries that are strategic partners of the US, including Vietnam - and the FED signaled that it will continue to lower interest rates in the coming time.

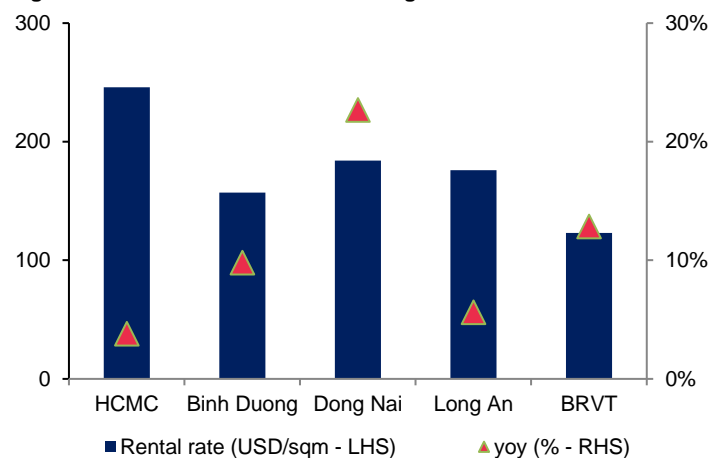
According to Cushman&Wakefield (CW), the demand for IP land in the southern region remained high in 3Q24 with the rental area reaching 108 hectares, up 37.2% qoq but down 6.6% yoy, the average rental rate reached USD 176/sqm (+5.6% yoy). Long An and Ba Ria Vung Tau (BRVT) with large industrial land bank, led the rental area with an absorption rate of 85%. As a result, the rental rate in Long An and BRVT increased by 6% and 13% yoy, respectively.

Figure 2: FDI capital flows into Vietnam maintain upward momentum



(Source: Ministry of Planning and Investment)

Figure 3: Rental rate in the southern region



(Source: CW, MBS Research)

Two new IPs

Figure 4: Current IP portfolio update

IP	Location	Ownership	Total area (hectare)	IP land area (hectare)	Occupancy Rate	Rental rate	2024 Rental area	Revenue	2025 Rental rate	2025 Rental area	Revenue	2026 Rental rate	2026 Rental area	Revenue
Fully occupied IPs														
Kim Hoa	Vinh Phuc	100%	50	46	100%									
My Xuan B1	BRVT	51%	227	160	100%									
My Xuan A	BRVT	100%	302	229	100%									
Nhon Trach 1	Dong Nai	100%	382	284	100%									
Nhon Trach 5	Dong Nai	100%	309	229	100%									

IP	Location	Ownership	Total area (hectare)	IP land area (hectare)	Occupancy Rate	Rental rate	2024 Rental area	Revenue	Rental rate	2025 Rental area	Revenue	Rental rate	2026 Rental area	Revenue
IPs being commercialized														
Phu My 2	BRVT	100%	621	443	87%	124	25	843	130	18	650	137	15	573
Phu My 2 Ext	BRVT	100%	398	273	65%	126	15	514	132	18	661	139	18	708
Cau Nghin	Thai Binh	100%	184	103	41%	81	15	331	85	10	236	89	13	329
Huu Thanh	Long An	100%	524	395	37%	161	30	1,314	169	30	1,407	178	35	1,758
Que Vo 2	Bac Ninh	51%	269	177	72%	150	15	612	158	10	437	165	10	468
Tan Phuoc 1	Tien Giang	65%	470	363	0%	-	-	-	105	5	146	110	15	468
My Xuan B1 Ext	BRVT	51%	110	83	0%	-	-	-	-	-	-	165	5	234

(Source: IDC, MBS Research)

Leased land area

In 9M24, IDC leased 65 hectares of IP land, much lower than in 9M23 (122 hectares), reaching 45% of the 2024 target (145 hectares). According to the company, the reason is that some large tenants from Korea and Japan were waiting for new policies in Vietnam and the election results in the US. New tenants have leased small factory areas to test the investment environment in Vietnam before making a decision.

Figure 5: Leased area

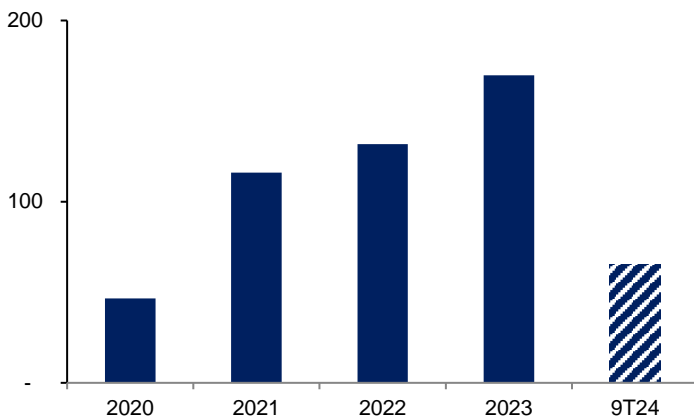
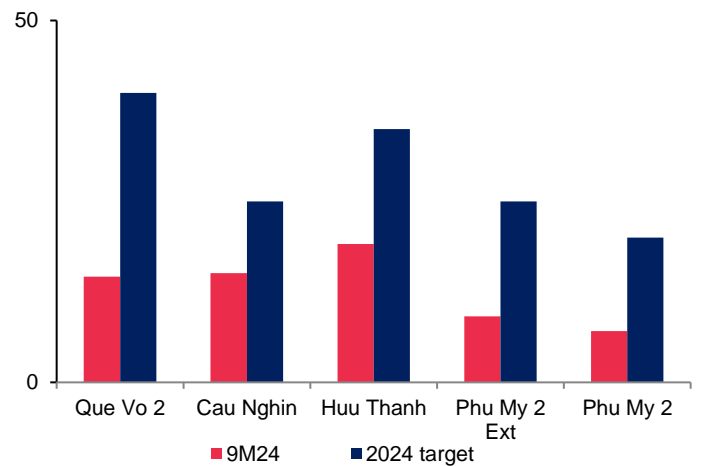
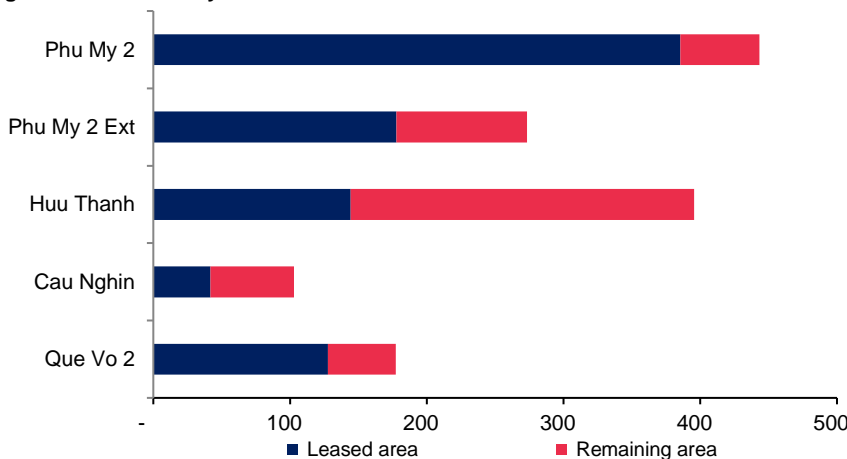


Figure 6: Land leased 2024 - Achieved vs. Target



(Source: IDC)

Figure 7: Land bank by the end of 3Q24



(Source: IDC, MBS Research)

Two new IPs

Tan Phuoc 1 IP in Tien Giang was approved on May 31, 2024. It has a total area of 470 hectares, an IP land area of 362.8 hectares, an investment capital of about VND 6,000 billion, and the operating period of 50 years. IDC has applied for an investment certificate and is currently carrying out land clearance and land use fees, it is expected to be put into operation by the end of 2025. The rental rate is expected to be about USD 100/sqm, equivalent to some other nearby IPs, with a minimum gross margin of 40%. We expect the IP to bring cash flow since 2025 and will be fully occupied in 15 years, longer than other IPs because the IP's location is far from the economic center, seaport, airport.

My Xuan B1 Ext IP was approved on September 17, 2024. It has a total area of 110 hectares, an IP land area of 83 hectares, an investment capital of about VND 2,000 billion, and the operating period of 50 years. IDC is currently applying for an investment certificate and expects to put it into operation in 2026. The rental rate is expected to be about USD 150-200/m2. We forecast revenue of about VND 800-1,000 billion per year, with a gross margin of about 50%.

In addition, IDC is researching and implementing Vinh Quang IP (350 hectares) and 6 other IPs (1,500 hectares). Total area of the new land bank is about 1,850 hectares. The projects are in the process of waiting for investment approval or are implementing the 1/2000 master plan or are applying for investment certificate.

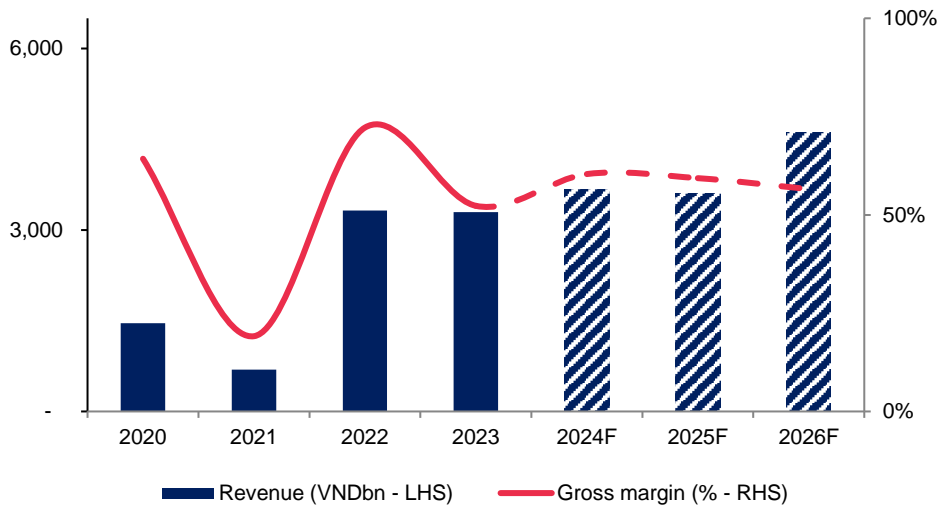
Figure 8: Tan Phuoc 1 IP location



(Source: IDC)

We adjust down the handovered land area in 2024 from 105 hectares to 100 hectares, the handovered land area in 2025 is expected to reach 91 hectares, down 9% yoy due to the contracted land area being much lower than the target, which may affect the handovered land area next year. However, the handovered land area is forecasted to increase again in 2026 to 111 hectares, up 22% yoy thanks to the operation of two new IPs. Thereby, we forecast IP revenue to reach VND 3,668/3,604/4,617 billion, up 11%/-2%/28% yoy in FY24-26F. Gross margins are expected to be over 50%, rental rate is expected to grow at an average of 5%.

Figure 9: IP revenue



(Source: IDC, MBS Research)

Energy Segment: Electricity distribution revenue in line with our forecast

IDC owns two hydropower projects, Srok Phu Mieng (51 MW) and Dak Mi 3 (63 MW). After a 32% decrease in 1H24, electricity production increased by 7% yoy to 145 million kWh in 3Q24 due to more favorable hydrological conditions when transitioning to La Nina phase. This is forecast to last until the first two months of 2025 with a probability of 50%. This is a positive factor for hydropower, but commercial electricity output also depends on mobilization from EVN, which has been on a downward trend recently. Therefore, we adjust down our hydropower revenue forecast by 29%/1%/10% to VND 433/648/588 billion in FY24-26F.

IDC also owns 03 substations (Tuy Ha, Nhon Trach 5, Huu Thanh phase 1) with a total capacity of 481 MVA. The business results in 9M24 are in line with our forecast after Huu Thanh phase 1 substation was put into operation on schedule. According to IDC, the company will implement Huu Thanh phase 2 substation in 2025, increasing the capacity to 544 MVA. We maintain the forecast for electricity distribution revenue in FY24-26F as previously reported, reaching VND 2,776/3,138/3,500 billion, respectively.

Figure 10: Hydro power

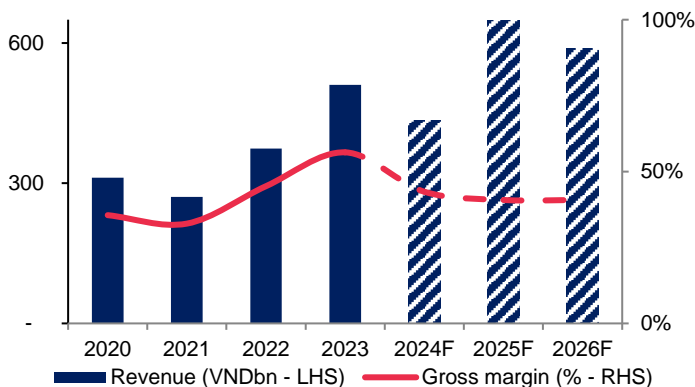
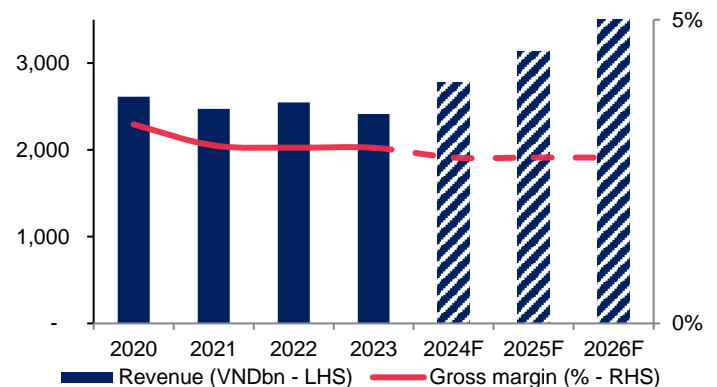


Figure 11: Electricity distribution



(Source: IDC, MBS Research)

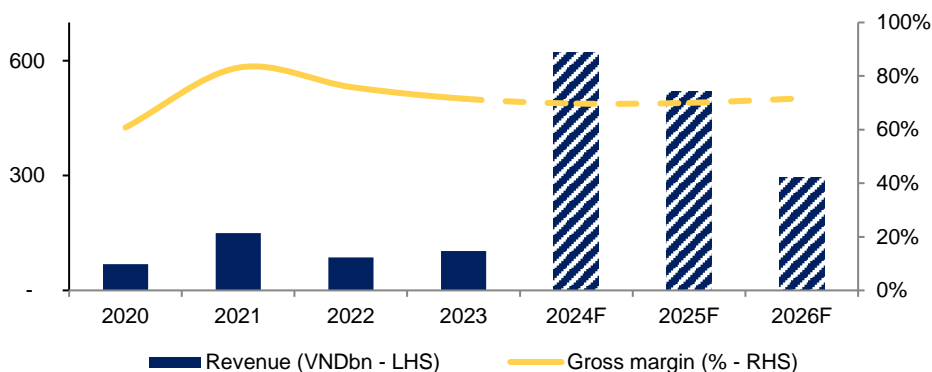
Residential property segment: Extraordinary profits thanks to land transfer to Aeon and launch of Bac Chau Giang project

In early 2024, IDC transferred part of the Ward 6 Central Residential Area Expansion to Aeon, and has been paid VND 267 billion. There are currently about 7,000 m² of land worth VND 170 billion, completing legal procedures to change the land use purpose, expected to be booked in 2025.

In addition, CONAC – IDC holds a 51% stake – has launched the Bac Chau Giang Residential Area project. The company is distributed 35 townhouses in phase 1, with expected revenue of VND 242 billion booked in 2024; 24 shophouses in phase 2, with expected revenue of about VND 350 billion recorded in 2025; and a 15-20 storey mixed-use apartment building in phase 3 that is completing legal procedures. The launch of this project is beyond our forecast.

We increase our real estate revenue forecast by 64% and 230% in FY24-25F compared to the previous forecast, thereby real estate revenue reaches VND 622/520/296 billion, up 504%/-16%/-43% yoy due to the addition of revenue from the land transfer to Aeon and Bac Chau Giang phase 1&2.

Figure 12: Residential property



(Source: IDC, MBS Research)

Figure 13: Real estate projects updated by the end of 3Q24

Current pipeline	Location	Owner	IDICO's own	Land area (hectare)	Status
Nhon Trach IP workers' housing project (1)	Dong Nai	IDICO - URBIZ	100%	10	Completed adjustment and approved by Department of Construction for the construction planning for two 9-level building blocks.
Nhon Trach IP workers' housing project (2)	Dong Nai	IDICO - URBIZ	100%	10	
Huu Thanh residential area and workers' housing project	Long An	IDICO - LINCO	51%	47.1	Received the land-handover Decision & Periodic Investment Disbursement. Completed land price for phase 1 (33.4 ha)
Nhon Trach 1 Resettlement project and Hiep Phuoc apartment building	Dong Nai	IDICO - UDICO	66.9%	4.9	Submit application for adjustment of Investment Certificate
Vinh Cuu social housing project	Dong Nai	IDICO - URBIZ	100%	60.1	Research and propose investment projects according to "Eco-residential Area" scheme
Apartment complex on National Route 1K Hoa An + In Home Bien Hoa	Dong Nai	IDICO - UDICO	66.9%	7.0	Adjusting Investment Certificate
An Hoa project	Dong Nai	IDICO - URBIZ	100%	3.9	Adjusting the construction planning
IDICO – INCO10 head office	Can Tho	IDICO – INCO10	98%	0.5	Waiting for construction permit
Bac Chau Giang Project	Ha Nam	IDICO - CONAC	51%	5.7	Sold out phase 1&2
Central residential area expansion	Long An	IDICO - LINCO	51%	3.1	Handed-over 1.7 hectares to Aeon. The remaining 7,000 sqm is being converted to commercial land.

(Source: IDC, MBS Research)

We increase our FY24-26F earnings forecasts by 9%/7%/5% vs. previous forecasts

Figure 14: Business results forecast in FY24–26F

VNDbn	2023	2024	yoy (%)	% change	2025	yoy (%)	% change	2026	yoy (%)	% change	Comments
Revenue	7,237	8,556	18%	2%	8,961	5%	-1%	10,063	12%	6%	We believe IDC could exceed its revenue target this year thanks to IP segment.
- IP	3,298	3,668	11%	2%	3,604	-2%	-6%	4,617	28%	12%	We adjust up our 2025-26 revenue forecasts on the back of the Tan Phuoc 1 and My Xuan B1 Ext projects expected to launch in the next two years.
- Energy	2,924	3,209	10%	-5%	3,786	18%	0%	4,087	8%	-2%	
Hydro power	510	433	-15%	-29%	648	50%	-1%	588	-9%	-10%	In 2024, revenue may be 15% lower than the previous year due to EVN reducing mobilization from hydropower. In FY25-26F, revenue is expected to be more positive thanks to favorable hydrological conditions when transitioning to La Nina phase.
Electricity distribution	2,414	2,776	15%	0%	3,138	13%	0%	3,500	12%	0%	Keeping as per previous forecast.
- Residential property	103	622	504%	64%	520	-16%	230%	296	-43%	69%	We increase our 2024-25 revenue forecasts on full sell-out of Bac Chau Giang phase 1&2.
Gross profit	2,423	3,267	35%	8%	3,232	-1%	6%	3,494	8%	9%	
- IP	1,725	2,215	28%	15%	2,138	-3%	3%	2,611	22%	18%	
- Energy	357	264	-26%	-38%	349	32%	-24%	334	-4%	-28%	
Hydro power	287	188	-35%	-45%	263	40%	-29%	239	-9%	-35%	
Electricity distribution	70	76	9%	-6%	86	13%	-6%	96	12%	-6%	
- Residential property	74	434	489%	49%	364	-16%	205%	212	-42%	57%	
Gross margin	33%	38%	5 pts	2 pts	36%	-2 pts	2 pts	35%	-1 pts	1 pts	
- IP	52%	60%	8 pts	7 pts	59%	-1 pts	6 pts	57%	-3 pts	3 pts	Gross margin is expected to improve slightly thanks to Phu My 2 IP and Phu My 2 Ext IP with high gross margin of over 70%
- Energy	12%	8%	-4 pts	-4 pts	9%	1 pts	-3 pts	8%	-1 pts	-3 pts	
Hydro power	56%	43%	-13 pts	-13 pts	41%	-3 pts	-16 pts	41%	0 pts	-16 pts	
Electricity distribution	3%	3%	0 pts	0 pts	3%	0 pts	0 pts	3%	0 pts	0 pts	Distribution power segment's gross margin maintains at 3%
- Residential property	72%	70%	-2 pts	-7 pts	70%	0 pts	-6 pts	72%	2 pts	-5 pts	
SG&A	362	(506)	40%	6%	(494)	-2%	3%	(556)	12%	10%	
% SG&A/revenue	5%	6%	1 pts	0 pts	6%	0 pts	0 pts	6%	0 pts	0 pts	Stable at 5-6% of revenue
Interest income	221	231	5%	8%	259	12%	6%	240	-7%	-4%	
Financial expenses	189	(194)	3%	0%	(193)	-1%	0%	(185)	-4%	0%	
Pre-tax profit	2,057	2,805	36%	9%	2,794	0%	7%	2,967	6%	9%	
NP	1,394	1,807	30%	9%	1,821	1%	7%	1,916	5%	5%	We increase our FY24-26F NP forecasts on the back of the launch of two new IPs, gains from the Bac Chau Giang project and the transfer of land to Aeon.
EPS	4,223	5,475	30%	9%	5,518	1%	7%	5,806	5%	5%	

(Source: IDC, MBS Research)

Investment thesis and Valuation

Investment thesis

- (1) We expect more positive FDI flows after the US election results and the FED signaling to lower interest rates;
- (2) New IPs (Tan Phuoc 1 IP and My Xuan B1 Ext IP) create growth momentum for FY25-26F;
- (3) Good financial health, high dividend payout (about 30-40% in cash).

Valuation

We maintain our HOLD recommendation on IDC stock with a target price of VND 55,500/share, with upside potential of 7.8% including a dividend yield of 5.5%.

Figure 15: Valuation

Project	Ownership	Valuation (VNDbn)	Valuation for IDC	Method	Notes
IP			14,870		For IP projects with relatively stable cashflow, we apply the DCF method with a WACC of 12.9%.
Phu My 2 and Phu My 2 Ext	100%	6,235	6,235	DCF	
Cau Nghin	100%	705	705	DCF	
Huu Thanh	100%	4,515	4,515	DCF	
Que Vo 2	51%	1,315	671	DCF	
Tan Phuoc 1	65%	1,929	1,254	DCF	
My Xuan B1 Ext	51%	807	412	DCF	
Others	100%	1,078	1,078	BV	
Residential property			2,182	BV	For real estate, the costs in the balance sheet are land use rights, land clearance costs, and land use fees. We value according to BV value.
Energy			2,026		
Srok Phu Mieng	51%	976	498	DCF	
Drak Mi 3	100%	1,074	1,074	DCF	
Substation	67%	678	454	DCF	We expect electricity distribution to grow at a long-term rate of 3%.
BOT			239	DCF	We forecast revenue from the An Suong - An Lac BOT project to grow at a long-term rate of 3%, with a gross margin of 36%. The QL51 Ext BOT project has stopped collecting tolls since January 13, 2023 due to legal issues, so we did not include it in the valuation. The company has made a 100% provision for this project.
Total assets			19,317		
(+) Cash and cash-equivalents			1,288		

Project	Ownership	Valuation (VNDbn)	Valuation for IDC	Method	Notes
(+) Short-term and long - term investments			1,792		
(-) Debts			2,651		
(-) Minority interests			1,422		
Equity value			18,324		
Share outstanding			329,999,929		
Value per share (VND/share)			55,526		

(Source: MBS Research)

Figure 16: Peer comparison

Company	Ticker	Current price	Target price	Recommendation	Market Cap (VNDbn)	P/E		P/B		ROE (%)		ROA (%)	
						2024	2025	2024	2025	2024	2025	2024	2025
Becamex IDC	BCM	65,800	82,500	ADD	68,103	38.4	34.1	3.5	2.5	9.4	8.4	3.3	3.6
Kinh Bac	KBC	26,900	39,200	ADD	20,649	25.4	20.2	1.6	1.4	6.3	7.4	3.2	3.5
Sonadezi Chau Duc	SZC	39,750	39,300	HOLD	7,154	22.2	20.7	2.3	2.2	13.4	10.9	4.2	4.0
Idico	IDC	54,200	55,500	HOLD	17,886	9.9	9.8	3.3	2.9	34.7	31.2	9.7	9.3
Industry average						24.0	21.2	2.7	2.3	16.0	14.5	5.1	5.1

(Source: MBS Research)

Downside risks

- (1) Risk of economic recession causing demand for IP land to decline;
- (2) Risk of land clearance causing project delays;
- (3) Higher land clearance costs after the new Land Law takes effect.

Financial Statements

Income statement	2023	2024	2025	2026	Cash flow statement	2023	2024	2025	2026
Revenue	7,237	8,556	8,961	10,063	Pre-tax profit	2,057	2,805	2,794	2,967
Cost of goods	(4,814)	(5,289)	(5,729)	(6,569)	Depreciation & amortization	857	852	852	852
Gross profit	2,423	3,267	3,232	3,494	Tax paid	(401)	(810)	(784)	(779)
Gen & admin expenses	(247)	(329)	(326)	(398)	Other adjustments	(45)	(839)	291	188
Selling expenses	(115)	(176)	(168)	(158)	Changes in working capital	193	2,442	(1,108)	89
Operating profit	2,061	2,761	2,738	2,939	CF from operations	2,735	4,489	2,044	3,314
Operating EBITDA	2,917	3,612	3,589	3,790	Capex	(1,110)	(1,337)	(1,455)	(1,583)
EBIT	2,061	2,761	2,738	2,939	Proceeds from assets sales	148	-	-	-
Interest income	221	231	259	240	CF from investing activities	(1,111)	(1,419)	(1,573)	(1,746)
Financial expense	(189)	(194)	(193)	(185)	New share issuance	0	0	-	-
Net other income	(38)	25	27	22	Net borrowings	155	(791)	(77)	(177)
Income from associates&JV	1	(18)	(38)	(50)	Other financial cash flow	-	-	-	-
Pre-tax profit	2,057	2,805	2,794	2,967	Dividend paid	(1,532)	(1,320)	(990)	(1,320)
Tax expense	(401)	(810)	(784)	(779)	CF from financing activities	(1,378)	(2,111)	(1,067)	(1,497)
NPAT	1,656	1,995	2,010	2,187	Beginning cash & equivalents	1,087	1,334	2,293	1,696
Minority interests	(262)	(188)	(189)	(271)	Total cash generated	246	959	(597)	70
NP	1,394	1,807	1,821	1,916	Ending cash and equivalents	1,333	2,293	1,696	1,766
Ordinary dividends	(1,320)	(1,320)	(990)	(1,320)					
Retained earnings	74	487	831	596					
					Key ratios	2023	2024	2025	2026
Balance sheet	2023	2024	2025	2026	Revenue growth	-3.3%	18.2%	4.7%	12.3%
Cash and cash-equivalents	1,333	2,293	1,696	1,766	EBITDA growth	-22.5%	23.8%	-0.6%	5.6%
Short term investments	910	1,244	1,251	1,299	EBIT growth	-24.4%	34.0%	-0.8%	7.3%
Account receivables	844	850	632	672	Pre-tax profit growth	-21.4%	36.4%	-0.4%	6.2%
Inventories	1,299	1,429	1,572	1,729	NP growth	-21.2%	29.7%	0.8%	5.2%
Total current assets	6,013	7,233	6,665	7,094	EPS growth	-24.8%	26.7%	0.8%	5.2%
Fixed assets	3,107	3,076	3,060	3,062	Gross margin	33.5%	38.2%	36.1%	34.7%
Construction in progress	-	-	-	-	EBITDA margin	42.8%	45.0%	42.8%	39.8%
Investment property	2,348	2,357	2,416	2,531	NP margin	19.3%	21.1%	20.3%	19.0%
Investments in subsidiaries	-	-	-	-	ROAE	28.1%	34.7%	31.2%	29.3%
Investments in associates	25	25	25	25	ROAA	8.0%	9.7%	9.3%	9.5%
Other long-term investments	6,113	6,768	7,330	7,940	ROIC	14.3%	18.8%	17.3%	17.1%
Total non-current assets	11,707	12,338	12,943	13,668	Asset turnover	42%	46%	46%	50%
Total assets	17,720	19,571	19,608	20,762	Dividend payout ratio	94.7%	73.1%	54.4%	68.9%
Short-term borrowings	938	848	929	982	D/E	56.8%	39.8%	33.8%	28.5%
Accounts payable	314	298	312	313	Net debt to total equity	35.3%	6.4%	12.2%	8.2%
Other short-term payables	2,735	3,923	3,111	3,585	Net debt to asset	12.4%	2.2%	4.9%	3.4%
Total current liabilities	3,986	5,069	4,352	4,881	Interest coverage ratio	11.1	14.1	14.2	15.9
Long-term borrowings	2,585	1,884	1,725	1,495	Days account receivable	43	36	26	24
Other long-term payables	4,944	5,759	5,671	5,681	Days inventory	99	99	100	96
Total long-term liabilities	7,529	7,642	7,396	7,176	Days account payable	24	21	20	17
Total liabilities	11,516	12,712	11,749	12,057	Current ratio	1.5	1.4	1.5	1.5
Common share	3,300	3,300	3,300	3,300	Quick ratio	1.2	1.1	1.2	1.1
Share premium	44	44	44	44	Cash ratio	0.6	0.7	0.7	0.6
Treasury shares	-	-	-	-					
Undistributed earnings	874	1,341	2,151	2,726	Valuation				
Investment and development funds	755	755	755	755	EPS (VND/share)	4,223	5,475	5,518	5,806
Shareholders' equity	4,973	5,440	6,251	6,825	BVPS (VND/share)	15,069	16,484	18,941	20,681
Minority interests	1,232	1,420	1,609	1,880	P/E	12.8	9.9	9.8	9.3
Total shareholders' equity	6,205	6,860	7,860	8,705	P/B	3.6	3.3	2.9	2.6
Total liabilities & equity	17,720	19,571	19,608	20,762					

(Source: IDC'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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