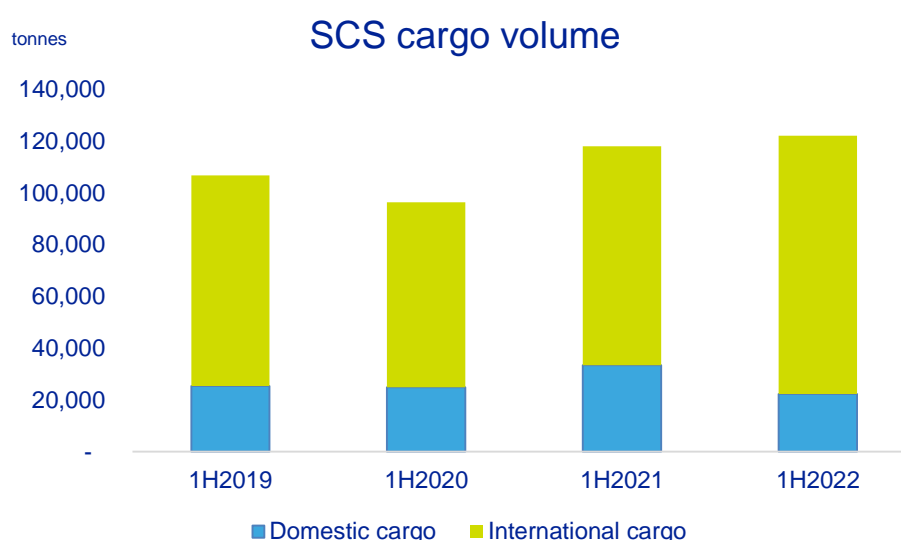


SCS – Slight decline in top line as cargo volume drop

SCS reported VND208.8bn of net revenue (-1.5% YoY) and VND153.0bn of net income (+1.7% YoY) in 2Q2022. Overall 1H2022 result is equivalent to 48.8% of our FY2022 top line and 57.6% of our FY2022 bottom line.

Despite approx. 9.5% increase in ASP in 2Q2022 (thanks to contract renewal), SCS revenue dropped in 2Q2022 due to 10.2% decline in cargo volume (-2.1% YoY drop in international tonnage to 43,973 tonnes and -31.9% YoY drop in domestic tonnage to 11,462 tonnes). As of 1H2022, international tonnage through SCS terminal reached 99,710 tonnes, in line with our forecasts and fulfilled 53.9% of our FY2022 expectations. However, domestic tonnages only reached 22,329 tonnes, equivalent to 38.0% of our FY2022 forecasts. Compared to 1H2019 (pre-COVID-19 period), 1H 2022 international tonnage increased by 22.8% while domestic tonnage dropped by 12.1%. We believe air cargo is now less favorable as sea freight rates softened by nearly 25% since the beginning of the year. According to management, the trend will continue in 3Q2022 given the seasonality of the business. 4Q2022 will peak up again, boosted by holidays and festivity period.



Source: SCS

Lower G&A expenses (-9.4% YoY) and higher interest income (+48.9% YoY) filled the gap, which results in a slight increase in earnings (+1.7% YoY). Management is confident to achieve PBT target of VND668bn and put effort to beat by 15%.

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