



SIP Flash note - OUTPERFORM

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Earnings Flash note

Recommendation **OUTPERFORM**
HSX: SIP
Property
Target price (VND) **85,300**
Market price (VND) **72,400**
Expected share price return 17.8%

Expected dividend yield 2.2%

Expected total return **20.0%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	28.7	-11.1	-3.6	37.5
Relative	19.1	-7.2	-3.3	36.2

Source: Bloomberg



Ownership

An Loc Urban Development & Investment JSC	19.93%
Mr. Tran Manh Hung (Chairman)	10.27%
Nam Tan Uyen IP JSC	9.06%
Mr. Lu Thanh Nha (CEO)	7.52%

Stock Statistics 14-Aug-24

Bloomberg code **SIP VN**

52-week range (VND) 43,348 - 87,900

Shares O/S (m) 209

Mkt cap (VND bn) 14,782

Mkt cap (USD m) 581

Est. Foreign room left (%) 47.0

Est. free float (%) 58.1

3m avg daily vol (shrs) 482,072

VND/USD 25,450

Index: VNIndex / HNX 1226.18/227.79

SAIGON VRG INVESTMENT JSC (SIP VN)

Positive 2Q2024 and 1H2024 results. Revise up 2024 forecast with 7% up in revenue & 5% up in profit. Adjust our target price down by 4% to VND85,300 given a decline in net cash of over VND1.5 trn but a higher valuation for the power segment. Reiterate Outperform rating.

SIP posted a double-digit growth in 2Q2024 with revenue of VND1,937bn (+16% YoY) and NPAT of VND333bn (+18% YoY). In 1H2024, the company recorded impressive growth with revenue of VND3,764 bn (+23% YoY) and NPAT of VND591 bn (+28% YoY), completing 70 and 75% of its targets and 52% and 55% of our forecast, respectively.

Power segment: In 1H2024, power revenue was VND2,915bn (+23% YoY), accounting for 77% of total revenue. Growth mainly came from a 22% increase in volume distributed in industrial parks (IPs), to 1,650 mn kwh which was higher than our expectation. Segmented gross margin decreased slightly by 0.3 pp YoY, to 3.8%.

Services provided in IPs segment: In 1H2024, revenue from services provided in IPs was VND437 bn (+21% YoY), accounting for 12% of total revenue. Segmented gross margin was flat at 55.6%, unchanged compared to 1H2023.

IP land leasing segment: In 1H2024, revenue from IP land leasing went sideways and was recorded at VND190bn, accounting for 5% of total revenue. Segmented gross margin increased strongly by 10.5 pp YoY to 69% which was in line with our forecast. In 1H2024, SIP leased over 19ha, including 16ha at Loc An Binh Son IP and 3ha at Phuoc Dong IP, completing 40% of its leasing target and 54% of our forecast. By the end of June 2024, SIP's remaining NLA was 1,015 ha, mainly located in Tay Ninh province (769 ha).

In 1H2024, SIP recorded VND72bn of financial profit from selling VRG, GVR and CSM shares and reduced its ownership in these companies from 23.4% to 21.76%, 0.21% to 0.08% and 8.29% to 8.04%, respectively.

In 2Q2024, SIP's **total debts increased by around VND1 trn**, to over VND3 trn mainly because the company had a new loan of VND783 bn from Vietcombank to finance for the clearance and compensation of Phuoc Dong Boi Loi – Phase 3. Thus, **Net cash/Equity ratio reduced from 64% to 27.9%** in this quarter.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	5,578	6,035	6,677	7,828	8,988
Growth	9.7%	8.2%	10.6%	17.3%	14.8%
EBITDA (VNDbn)	955	1,119	1,232	1,434	1,627
Growth	2.1%	17.1%	10.1%	16.4%	13.5%
PATMI (VNDbn)	835	977	927	1,048	1,165
Growth	-18.6%	17.0%	-5.1%	13.1%	11.2%
EPS (bonus-adjusted, VND)	3,734	4,287	4,062	4,592	5,106
Growth	-18.4%	14.8%	-5.3%	13.1%	11.2%
ROE	31.5%	31.4%	27.2%	26.7%	24.8%
ROIC	3.6%	4.0%	3.7%	4.2%	4.3%
Net debt/EBITDA (times)	-4.2	-3.1	-1.9	-1.1	-0.8
EV/EBITDA (times)	14.6	12.4	11.3	9.7	8.5
PER (times)	19.4	16.9	17.8	15.8	14.2
PBR (times)	2.3	2.0	3.7	3.5	3.0
DPS (VND)	2,800	4,500	1,600	1,600	1,800
Dividend yield	3.9%	6.2%	2.2%	2.2%	2.5%

Unit: VNDbn	1H2023	1H2024	YoY growth
Total revenue	3,058	3,764	+23.1%
Power	2,377	2,915	+22.6%
Services provided in IPs	361	437	+21.1%
IP land leasing	192	190	-1.0%
Sales of goods and finished products	69	61	-10.3%
Others	60	161	+169.7%
Gross margin	13.8%	13.7%	-0.1 pp
NPAT	460	591	+28.3%
Net margin	13.8%	14.5%	+0.6 pp

Quick comment: We adjust 2024 estimated revenue up by 7%, to VND7,828 bn (+17% YoY) and NPAT by 5% to VND1,141 bn (+14% YoY) thanks to an 8.5% increase in estimated power volume distributed in IPs. We adjust our target price down by 4% to VND85,300 given a decline in net cash of over VND1.5 trn but a higher valuation for the power segment. Reiterate our Outperform rating.

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Our Recommendation System

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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