



IDC Update - BUY

February 19, 2025



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Company Update

Recommendation

BUY
HNX: IDC
Property

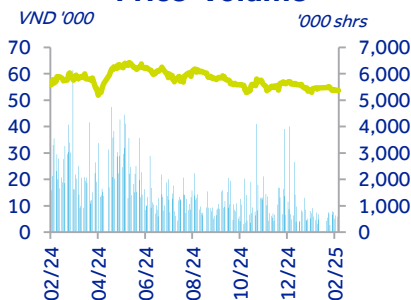
Target price (VND)	65,400
Market price (VND)	53,700
Expected share price return	21.9%
Expected dividend yield	7.4%
Expected total return	29.3%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-1.1	-1.3	-2.9	-0.8
Relative	-2.5	-3.6	-8.2	-8.4

Source: Bloomberg

Price-Volume



Ownership

SSG Group JSC	22.5%
Bach Viet Manufacturing & Trading Ltd. Co.	11.9%

Stock Statistics 18-Feb-25

Bloomberg code IDC VN

52-week range (VND)	49,500 - 66,000
Shares O/S (m)	330
Mkt cap (VND bn)	18,183
Mkt cap (USD m)	708
Est. Foreign room left (%)	26.7
Est. free float (%)	63.7
3m avg daily vol (shrs)	890,451
VND/USD	25,700
Index: VNIndex / HNX	1284.94/236.81

IDICO CORPORATION - JSC (IDC VN)

FY2024 business result was perfectly in line with our forecast. Adjust our 2025 PBT down by 16% to VND2.3 trn (-23% YoY) and YE2025 target price by 3% to VND65,400/share mainly due to a delay in Tan Phuoc 1 industrial park. Reiterate our Buy rating for IDC.

IDICO posted a decline in 4Q2024 result with revenue of VND1,955 bn (-13% YoY) and PBT of VND540 bn (-29% YoY) which were in line with our forecast. The decline was mainly due to lower industrial park (IP) land area delivered of 10.8ha, of which 6ha at Huu Thanh IP, 1ha at Cau Nghin IP and 3.8ha at My Xuan B1 IP.

IDC posted strong growth in 2024 with revenue of VND8,846 bn (+22% YoY) and PBT of VND2,993 bn (+46% YoY), completing 120% of profit target and 100% of our forecast. Strong growth mainly came from the IP segment.

IP segment: IP revenue in 2024 was recorded at nearly VND4 trn (+21% YoY) from 98 ha delivered (-8% YoY) from Huu Thanh IP (41ha), Phu My 2 (22ha), Cau Nghin (14ha), Que Vo 2 (13ha), My Xuan B1 (4ha) and Phu My 2 expansion (1ha). Segmented gross margin increased from 52.3% to 60.9% thanks to higher average leasing rate of USD135/sqm (+4.7% YoY). Land leasing activity in 4Q2024 has improved compared to 3Q2024 with over 31ha (+43% QoQ and -35% YoY), however land area leased for 2024 was still far below 2023 with over 96 ha leased (-43% YoY) mainly because some tenants, especially Korean and Japanese investors delay their investment decision to wait for the US election and FED's decisions on interest rate in 2024. We expect leased area to improve to 124 ha (+29% YoY) in 2025.

In January, 2025, IDICO Vinh Quang – a 99.9% subsidiary of IDC – was approved to develop Phase 1 of Vinh Quang IP in Hai Phong with a total area of 226 ha, net leasable area (NLA) of 162 ha and total investment of VND3.55 trn. Adding this project increased the total remaining NLA by 13.6% to 1,092 ha.

Residential property segment: In 2024, revenue jumped by 5 times YoY, to VND532 bn mainly thanks to the transfer of 1.45 ha land lot to Aeon with revenue of VND268 bn and recognition of 90% of Phase 1 and 2 of Bac Chau Giang project.

Power segment: Power revenue increased by 15% YoY, to VND3,373 bn in 2024 mainly thanks to a 15% growth in volume distributed in IPs, to 1,592 mn kwh. Segmented gross margin dropped from 12.2% to 9.4% due to lower contribution from two hydropower plants Dak Mi 3 and Shrok Phu Mieng which were affected by lower volume sold to EVN.

We adjust 2025 PBT down by 16% to VND2.3 trn (-23% YoY) given steady growth of the power segment but a decline in the IP segment given lower land area delivered.

YE2025 target price was adjusted down by 3% to VND65,400/share mainly due to a delay in Tan Phuoc 1 IP. Reiterate our Buy rating for IDC.

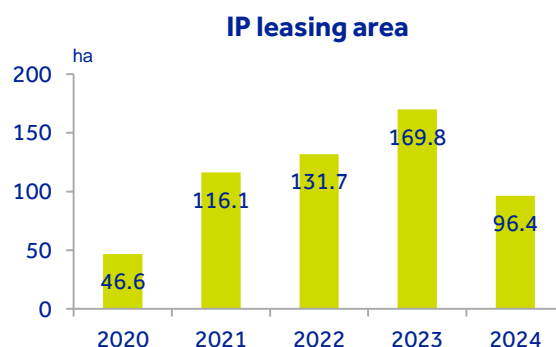
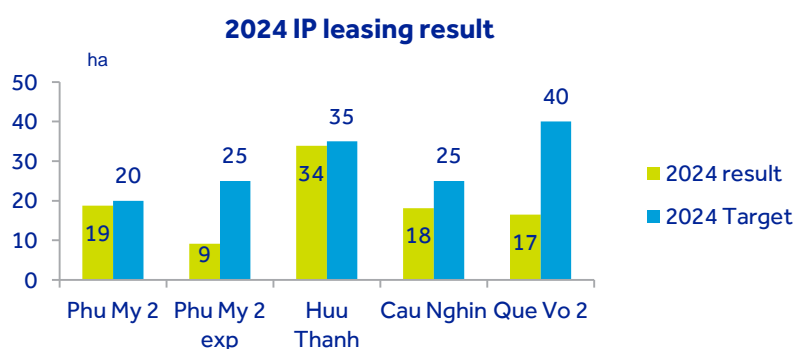
	2022	2023	2024U	2025F	2026F
Net Sales (VNDbn)	7,485	7,237	8,846	7,823	9,839
Growth	74.0%	-3.3%	22.2%	-11.6%	25.8%
EBITDA (VNDbn)	3,641	2,919	4,294	3,678	4,868
Growth	358.3%	-19.8%	47.1%	-14.3%	32.3%
PATMI (VNDbn)	1,768	1,394	1,996	1,528	2,356
Growth	289.1%	-21.2%	43.2%	-23.5%	54.2%
EPS (bonus-adjusted, VND)	5,299	4,166	5,991	4,578	7,062
Growth	290.7%	-21.4%	43.8%	-23.6%	54.3%
ROE	40.0%	28.1%	37.7%	26.8%	38.1%
ROIC	11.0%	7.9%	10.8%	7.9%	12.1%
Net debt/EBITDA (times)	0.4	0.4	(0.3)	(0.7)	(0.5)
EV/EBITDA (times)	4.5	5.6	3.8	4.5	3.4
PER (times)	10.1	12.9	9.0	11.7	7.6
PBR (times)	3.6	3.6	3.2	3.1	2.7
DPS (VND)	4,000	4,000	4,000	4,000	4,000
Dividend yield	7.4%	7.4%	7.4%	7.4%	7.4%

Table 1: 4Q2024 and 2024 results

Unit: VNDbn	4Q2023	4Q2024	YoY growth	2023	2024	YoY growth	2024 Target	% Completion
IP land area leased	48	31	-35%	170	96	-43%	145	67%
Total revenue	2,239	1,955	-13%	7,237	8,846	+22%	8,466	104%
IP	854	626	-41%	3,298	3,988	+21%		
Residential property	30	41	+40%	103	532	+416%		
Power	1,069	1,012	+18%	2,924	3,373	+15%		
BOT	113	121	+7%	440	464	+5%		
Others	174	155	-11%	472	490	+4%		
PBT	759	540	-29%	2,057	2,993	+46%	2,502	120%

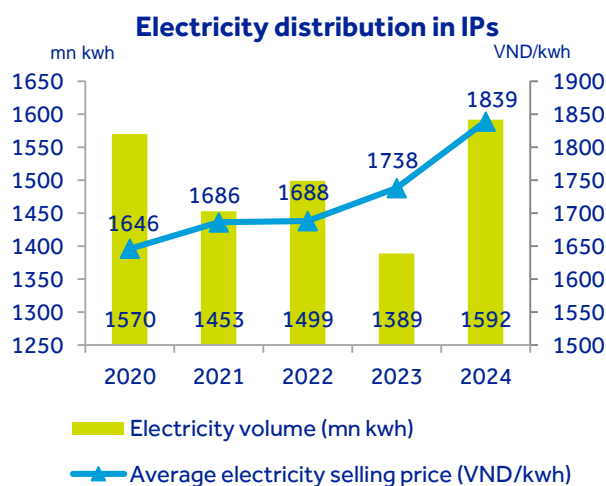
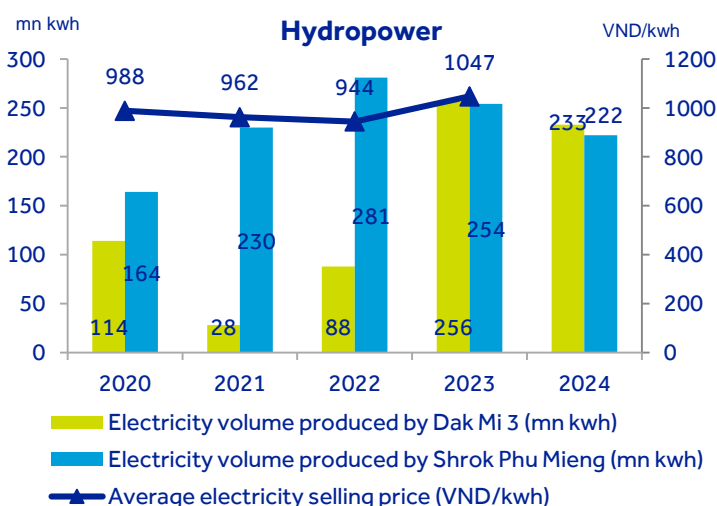
Sources: IDC, ACBS

Figure 1: Industrial park segment



Sources: IDC, ACBS

Figure 2: Power segment



Source: IDC, ACBS

Table 2: IDC's industrial parks

Project	Location	IDC's stake	Total investment (VNDbn)	Total area (ha)	NLA (ha)	Remaining NLA (ha)	Occupancy rate 3Q2024	Avg. leasing rate (USD/sqm/term)	Note
Fully occupied IPs			1,925	1,271	949	0	100%	n/a	
Kim Hoa	Vinh Phuc	100%	252	50	46	0	100%	n/a	
My Xuan B1	Ba Ria-Vung Tau	51%	544	227	160	0	100%	n/a	
My Xuan A	Ba Ria-Vung Tau	100%	342	302	229	0	100%	n/a	
Nhon Trach 1	Dong Nai	100%	458	382	284	0	100%	n/a	
Nhon Trach 5	Dong Nai	100%	329	309	229	0	100%	n/a	
Ongoing IPs			25,215	2,802	2,000	1,092	45%	135	
Cau Nghin	Thai Binh	100%	1,160	184	103	58	44%	81	
Huu Thanh	Long An	100%	7,300	524	395	236	40%	161	
Phu My 2	Ba Ria-Vung Tau	100%	1,900	621	443	46	90%	124	
Phu My 2 ext.	Ba Ria-Vung Tau	100%	1,880	398	273	96	65%	126	
Que Vo 2	Bac Ninh	51%	1,500	270	177	48	73%	150	
Tan Phuoc 1	Tien Giang	65%	5,937	470	363	363	0%	n/a	Approved in 6/2024. Expect to finish clearance in 2Q2025, launch in 3Q2025 and start leasing from 2026
My Xuan B1 ext.	Ba Ria-Vung Tau	51%	1,989	110	83	83	0%	n/a	Approved in 9/2024
Vinh Quang	Hai Phong	100%	3,550	226	162	162	0%	n/a	Approved in 1/2025. launch in 3Q2025 and start leasing from 2026. Phase 2 of 124ha is expected to be approved in 2026.
Upcoming IPs									
6 IPs (2 in the north, 1 in the middle and 3 in the south)		n/a	n/a	1,500	n/a	n/a	n/a	n/a	Waiting for approval of 1/2000 Planning

Source: IDC
Table 3: IDC's residential property projects

No.	Project	Location	Main developer	IDC's stake	Land area (sqm)	Progress
Social and workers' housing projects						
1	Nhon Trach IP workers' housing project (1)	Dong Nai	IDICO-URBIZ	100.0%	100,284	Completed adjustment and was approved by Department of Construction for the construction planning for 2 9-level building blocks. Submitting documents to adjust 1/500 Plan.
2	Nhon Trach IP workers' housing project (2)	Dong Nai	IDICO-URBIZ	100.0%	100,000	
3	Huu Thanh residential area and workers' housing project	Dong Nai	IDICO-LINCO	51.0%	470,939	Received the land handover decision & periodic investment disbursement. Completed land use fee for Phase 1 (33.44ha)
4	Nhon Trach 1 Resettlement project and Hiep Phuoc Apartment building	Dong Nai	IDICO-UDICO	66.9%	48,676	Submit application for adjustment of Investment Certificate
5	Vinh Cuu social housing project	Dong Nai	IDICO-URBIZ	100.0%	600,840	Research and propose investment projects according to 'eco-residential area' scheme
Other residential and commercial projects						
6	Apartment complex on National Route 1K Hoa An + In Home Bien Hoa	Dong Nai	IDICO-UDICO	66.9%	70,350	Adjusting investment certificate
7	An Hoa project	Dong Nai	IDICO-URBIZ	100.0%	38,886	Adjust construction planning
8	IDICO-INCO 10 head office	Can Tho	IDICO-INCO 10	97.8%	4,627	Waiting for construction permit
9	Bac Chau Giang	Ha Nam	IDICO-CONAC	51.0%	56,527	Sold out Phase 1 & 2
10	Central residential area expansion -Long An	Long An	IDICO-LINCO	51.0%	30,500	Handed over 1.45ha to Aeon. The remaining 7,300 sqm is being converted into commercial & service land.

Source: IDC

IDC FINANCIALS MODEL	Price (VND):	53,700	Target (VND):	65,400	Mkt cap (VND bn):	18,183
(VND bn except where stated)		2022	2023	2024U	2025F	2026F
Total Net Sales		7,485	7,237	8,846	7,823	9,839
<i>Sales growth</i>		74.0%	-3.3%	22.2%	-11.6%	25.8%
CoGS ex-dep'n		3,387	3,957	4,156	3,793	4,529
Gross profit		3,060	2,423	3,337	2,542	3,673
<i>Gross margin</i>		40.9%	33.5%	37.7%	32.5%	37.3%
SG&A		334	362	398	352	442
<i>SG&A as % of sales</i>		4.5%	5.0%	4.5%	4.5%	4.5%
EBITDA		3,641	2,919	4,294	3,678	4,868
<i>EBITDA margin</i>		48.6%	40.3%	48.5%	47.0%	49.5%
Depreciation		1038	857	1353	1488	1637
Operating profit		2,603	2,062	2,941	2,190	3,231
<i>Operating profit margin</i>		34.8%	28.5%	33.2%	28.0%	32.8%
Profit/loss from associates and JVs		-123	1	1	0	0
Financial income (excl. saving interest)		22	8	8	8	8
Financial expenses (excl. interest expense)		7	4	6	5	5
Net interest expense		57	-29	-30	-104	-170
<i>as % of avg, net debt</i>		5.1%	-2.2%	158.8%	5.5%	6.7%
Other profit		57	-38	20	20	20
PBT		2,618	2,057	2,993	2,317	3,424
Tax		563	401	600	463	685
<i>Effective tax rate</i>		21.5%	19.5%	20.0%	20.0%	20.0%
PAT		2,055	1,656	2,393	1,853	2,739
Minority interest		287	262	397	325	383
NPATMI		1,768	1,394	1,996	1,528	2,356
<i>Net profit margin</i>		23.6%	19.3%	22.6%	19.5%	23.9%
Cash earnings		2,806	2,250	3,349	3,016	3,993
Number of shares (m)		330	330	330	330	330
EPS (VND)		5,299	4,166	5,991	4,578	7,062
Bonus factor (x)		1.0	1.0	1.0	1.0	1.0
Adjusted EPS (VND)		5,299	4,166	5,991	4,578	7,062
<i>EPS growth</i>		290.7%	-21.4%	43.8%	-23.6%	54.3%

KEY CASHFLOW AND BS ITEMS	2022	2023	2024U	2025F	2026F
Increase in working capital	89	252	-1,124	-298	368
Capex	1,059	1,442	963	1,339	1,251
Other cash flow items	-1,142	1,036	454	454	-874
Free cash flow	516	1,591	3,965	2,429	1,499
Share issues (m)	0	0	188	0	0
Dividends paid	986	1,532	1,556	1,320	1,320
Increase in net debt	470	-59	-2,596	-1,109	-179
Net debt, end of year	1,338	1,279	-1,316	-2,426	-2,605
Shareholders' equity	6,128	6,205	7,208	7,416	8,452
BVPS (VND)	14,988	15,069	17,019	17,510	19,956
<i>Net debt / equity (%)</i>	<i>21.8%</i>	<i>20.6%</i>	<i>-18.3%</i>	<i>-32.7%</i>	<i>-30.8%</i>
<i>Net debt / EBITDA (x)</i>	<i>0.4</i>	<i>0.4</i>	<i>-0.3</i>	<i>-0.7</i>	<i>-0.5</i>
Total assets	17,013	17,720	18,800	17,898	18,755

KEY RETURN AND VALUATION RATIOS	2022	2023	2024U	2025F	2026F
<i>ROE</i>	<i>40.0%</i>	<i>28.1%</i>	<i>37.7%</i>	<i>26.8%</i>	<i>38.1%</i>
<i>ROA</i>	<i>10.7%</i>	<i>8.0%</i>	<i>10.9%</i>	<i>8.3%</i>	<i>12.9%</i>
<i>ROIC</i>	<i>11.0%</i>	<i>7.9%</i>	<i>10.8%</i>	<i>7.9%</i>	<i>12.1%</i>
<i>WACC</i>	<i>11.0%</i>	<i>10.1%</i>	<i>12.5%</i>	<i>12.5%</i>	<i>12.5%</i>
<i>EVA</i>	<i>-0.1%</i>	<i>-2.2%</i>	<i>-1.7%</i>	<i>-4.6%</i>	<i>-0.4%</i>
<i>PER (x)</i>	<i>10.1</i>	<i>12.9</i>	<i>9.0</i>	<i>11.7</i>	<i>7.6</i>
<i>EV/EBITDA (x)</i>	<i>4.5</i>	<i>5.6</i>	<i>3.8</i>	<i>4.5</i>	<i>3.4</i>
<i>EV/FCF (x)</i>	<i>31.8</i>	<i>10.3</i>	<i>4.1</i>	<i>6.8</i>	<i>10.9</i>
<i>PBR (x)</i>	<i>3.6</i>	<i>3.6</i>	<i>3.2</i>	<i>3.1</i>	<i>2.7</i>
<i>PSR (x)</i>	<i>2.4</i>	<i>2.4</i>	<i>2.0</i>	<i>2.3</i>	<i>1.8</i>
<i>EV/sales (x)</i>	<i>2.2</i>	<i>2.3</i>	<i>1.9</i>	<i>2.1</i>	<i>1.7</i>
<i>Dividend yield</i>	<i>7.4%</i>	<i>7.4%</i>	<i>7.4%</i>	<i>7.4%</i>	<i>7.4%</i>

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DISCLAIMER

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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