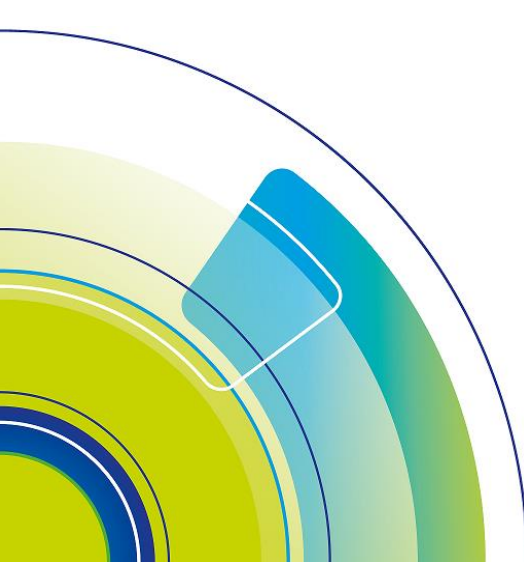




SCS Update – OUTPERFORM

August 22, 2025



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Update report

Recommendation **OUTPERFORM**
HOSE: SCS

Air Transportation Support Activities

Target price (VND) **70,500**

Market price (VND) **65,400**

Expected share price return **7.8%**

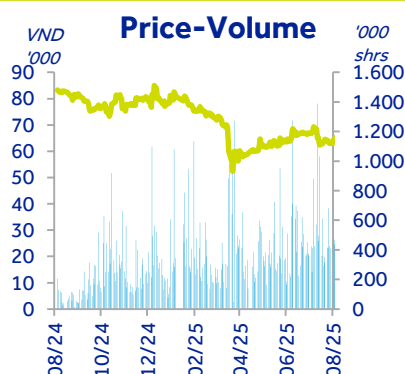
Expected dividend yield **6.1%**

Expected total return **13.9%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-18.3	-2.8	4.5	-19.8
Relative	-49.2	-16.6	-23.7	-53.7

Source: Bloomberg



Ownership

Gemadep Corp	35.9%
Airports Corp of VN JSC	14.7%
41 Aircraft Repair Co Ltd	7.6%
PYN Fund Management	4.9%
SCB Asset Management Co Ltd	3.2%

Stock Statistics

22-Aug-25

Bloomberg code

SCS VN

52-week range (VND) 51,900 - 85,000

Shares O/S (m) 95

Mkt cap (VND bn) 6,206

Mkt cap (USD m) 234

Est. Foreign room left (%) 15.7

Est. free float (%) 38.3

3m avg daily vol (shrs) 460,675

VND/USD 26,562

Index: VNIIndex / HNX 1,645.5 / 272.5

SAIGON CARGO SERVICE CORPORATION (SCS)

SCS announced Q2/2025 business results with revenue of VND 292 bn (+10.5% YoY), gross profit of VND 233 bn (+9.7% YoY) and gross profit margin at 80% (flat compared to Q2/2024). Profit before tax (PBT) in Q2/2025 reached VND 236 bn, up 10.7% YoY. However, net profit after tax (NPAT) attributable to the parent company remained flat YoY, at VND 189 bn. The reason is that SCS is no longer subject to the 10% preferential corporate income tax rate starting in 2025. For 6M2025, the company's NPAT reached VND 359 bn (+6.5% YoY), fulfilling 53.5% of ACBS's full-year forecast. We maintain our revenue forecast in line with the latest report, but revise down our 2025 NPAT forecast by 7%. Accordingly, revenue is projected at VND 1,052 bn (+1.5% YoY) and NPAT at VND 671 bn (-3.2% YoY). Based on the discounted cash flow method, we value SCS at VND 70,500 per share by the end of 2025, rating Outperform.

According to the Civil Aviation Authority of Vietnam, the total air cargo volume nationwide in 6M2025 reached 696 thousand tons (+14.6% YoY). Of which, international cargo was 580 thousand tons (+17.7% YoY), and domestic cargo was 116 thousand tons (+1.3% YoY).

However, total cargo volume handled by SCS in 6M2025 reached 131.4 thousand tons, up 2% YoY. International cargo volume was 103.8 thousand tons (+8.5% YoY), while domestic cargo was 27.6 thousand tons (-16.7% YoY). SCS's growth was slower than the market average, as the company's passenger airline customer—Vietjet—has been gradually reducing reliance on its ground handling services.

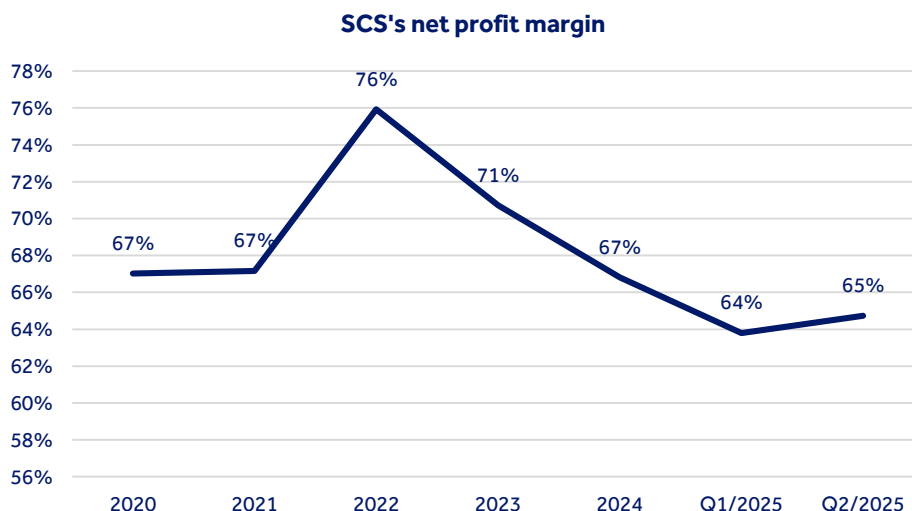
Outlook

SCS's growth during the 2025–2026 period and in the medium term is not significantly affected by tariff-related factors, as cargo bound for the U.S. only accounts for 15% of total throughput. Instead, the growth outlook is primarily influenced by industry-wide structural changes, including: (1) the end of the 10% corporate income tax incentive, (2) capacity limitations and the expansion project at Tan Son Nhat Airport, and (3) a shift in industry structure as Long Thanh Airport enters operation. These are the key factors likely to impact SCS's overall growth momentum in the medium term.

	2023	2024	2025F	2026F	2027F
Net Sales (VND bn)	705	1,037	1,052	1,123	1,199
Growth (%)	-17%	47%	1%	7%	7%
EBITDA (VND bn)	612	827	884	939	997
Growth (%)	-17%	35%	7%	6%	0%
Profit after-tax	498	693	671	714	760
Growth (%)	-23%	39%	-3%	7%	6%
EPS (bonus-adjusted, VND)	4,758	6,615	6,402	6,821	7,257
Growth (%)	-23%	39%	-3%	7%	6%
ROE (x)	0.4	0.5	0.4	0.5	0.5
ROA (x)	0.3	0.4	0.3	0.3	0.3
Net debt/EBITDA (x)	-	-	-	-	-
EV/EBITDA (x)	11.7	8.7	8.1	7.6	7.2
P/E (x)	13.7	9.9	10.2	9.6	9.0
P/B (x)	5.0	4.5	4.5	4.3	4.1
DPS (VND)	3,500	8,000	4,000	4,000	4,000
Dividend yield (%)	5%	12%	6%	6%	6%

The expiration of the 10% corporate income tax led to a decline in net profit margin (NPM) from 70.6% in 6M2024 to 64.3% in 6M2025

Starting in 2025, SCS is no longer eligible for the preferential 10% corporate income tax rate and is instead subject to the standard 20% rate. This change results in lower NPM going forward compared to the pre-2024 period. During 2020-2024, SCS maintained an average NPM of 69.5%. With the additional 10% tax burden, the NPM is expected to decline to around 65%.



Source: SCS, ACBS

Capacity constraints and expansion limitations in Tan Son Nhat Airport

SCS's cargo terminal is currently operating beyond its designed capacity (frequently at 110–120% of the designed throughput), while the company has yet to announce any new investment projects to sustain future growth.

The SCSC 2 building project has not made concrete progress due to the lack of available land, as the current land is still under lease. Specifically, SCS is leasing part of its land to ACV for aircraft parking and another portion for cargo yard usage. This indicates that SCS's earnings growth potential in the short and medium term is likely to be limited.

The air cargo landscape will shift once Long Thanh Airport operated

Phase 1 of Long Thanh Airport is expected to commence operations in 2027, with a cargo terminal capacity of approximately 1.2 million tons/year—about 60% higher than Tan Son Nhat Airport (700–800 thousand tons/year). This major supply addition will reshape the industry landscape, as new players join the market and intensify competition compared to previous periods. Cargo flows will also be reallocated between Long Thanh and Tan Son Nhat.

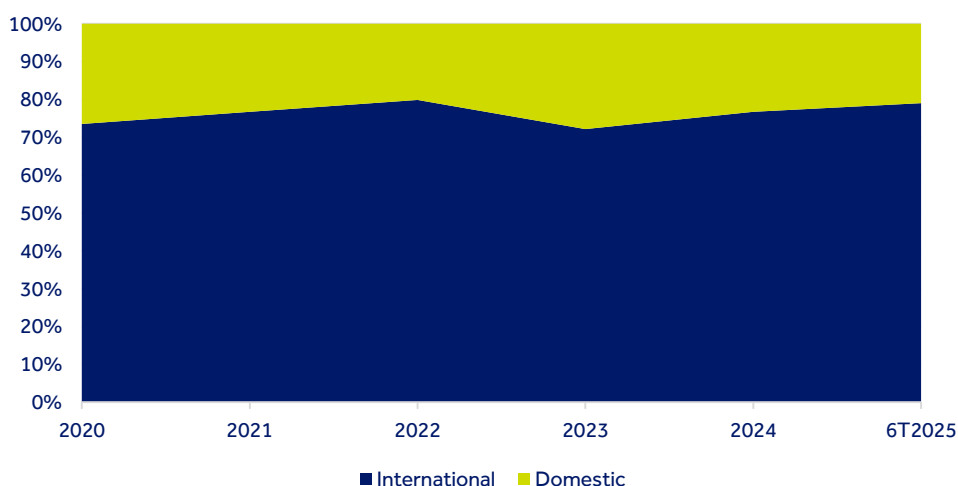
ACV has proposed two scenarios for the distribution of flights between Long Thanh and Tan Son Nhat:

- *Scenario 1: Relocate all international flights to Long Thanh.*
- *Scenario 2: Split the flights—short-haul international routes (<1,000 km) remain at Tan Son Nhat, while long-haul routes are moved to Long Thanh.*

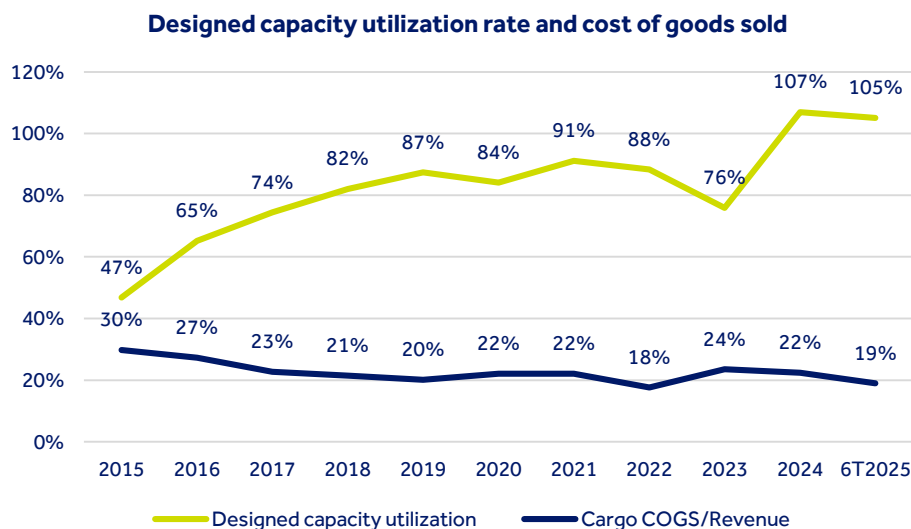
There is currently no official information regarding whether SCS will be licensed to invest in or operate a cargo terminal at Long Thanh Airport. As such, SCS's ability to participate in cargo handling at Long Thanh remains uncertain. The potential impact on SCS will vary depending on each scenario:

- (1) **If SCS is not allowed to participate:** Cargo handling efficiency at Tan Son Nhat will decline as international volume falls to only around 20%, while domestic cargo will account for 80% of throughput. Since SCS will no longer be able to handle much international cargo (currently making up 75–80% of the company's total volume), this would significantly change its medium- to long-term outlook and growth profile.
- (2) **If SCS is allowed to participate:** Operational efficiency may decline in the short term due to low cargo volumes at the new terminal in Long Thanh and underutilization, while fixed investment and operating costs will rise. However, in the medium to long term, SCS could still sustain revenue and profit growth once the new terminal reaches optimal capacity.

Cargo breakdown by type at SCS



Source: SCS, ACBS



Forecast and valuation

We slightly revise our 2025 earnings forecast for SCS compared to the most recent update as follows: maintain revenue in line with the latest report, reaching VND 1,052 bn (+1.5% YoY), and revise net profit after tax (NPAT) down by 7%, to VND 671 bn (-3.2% YoY). As mentioned above, SCS's business outlook in 2025–2026 will not be materially affected by the Long Thanh Airport story, but rather by the loss of the preferential corporate income tax rate.

However, once Long Thanh Airport becomes operational, SCS's long-term growth rate may be partially constrained. Based on the discounted cash flow (DCF) method, we value SCS at VND 70,500/share by the end of 2025. Compared to the current market price of VND 65,400/share as of August 22, 2025, this implies an upside potential of 13.9%, including cash dividends. The projected P/E and P/B ratios for 2025 are 10.2x and 4.5x, respectively, rating Outperform.

SCS PROJECTIN					
(VND bn except where stated)	2023	2024	2025F	2026F	2027F
Total revenue	705	1,037	1,052	1,123	1,199
<i>Growth (%)</i>	-17%	47%	1%	7%	7%
Gross profit	535	801	831	887	947
<i>Gross profit margin</i>	76%	77%	79%	79%	79%
Selling expenses	-	-	-	-	-
General & administration expenses	52	71	56	62	72
Net operating profit	484	730	775	825	875
<i>Operating profit margin</i>	69%	70%	74%	74%	73%
Financial income	88	57	60	65	72
Financial expenses	1.3	1.1	-	-	-
Other income	-2	-2	3	3	3
Profit/(loss) in associates, joint ventures	-	-	-	-	-
Profit before-tax	569	783	838	893	950
Profit after-tax	498	693	671	714	760
Non-controlling interest	-	-	-	-	-
Profit for parent company	498	693	671	714	760
<i>Net profit margin</i>	71%	67%	64%	64%	63%
Cash, cash equivalents & short-term investments	1,062	1,271	1,363	1,499	1,687
Share outstanding (mn shares)	102	102	105	105	105
EPS (VND)	4,907	6,787	6,402	6,821	7,257
Adjusted EPS (VND)	4,758	6,615	6,402	6,821	7,257
<i>EPS growth</i>	-23%	39%	-3%	7%	6%

KEY CASHFLOW AND BS ITEMS	2023	2024	2025F	2026F	2027F
Increase in working capital	222	(213)	(1)	(4)	2
Capex	10	(8)	(20)	(2)	(2)
Free cash flow	503	695	772	806	854
Dividend paid	734	474	751	799	854
Increase in net debt	(367)	(515)	(617)	(619)	(619)
Net debt, end of year	-	-	-	-	-
Owner's equity	-	-	-	-	-
BVPS (VND)	1,339	1,499	1,539	1,592	1,688
Net debt/Equity (x)	13,181	14,683	14,690	15,196	16,112
Net debt/EBITDA (x)	-	-	-	-	-
Total assets	-	-	-	-	-
KEY CASHFLOW AND BS ITEMS	1,703	1,899	2,008	2,107	2,252

KEY RETURNS AND VALUATION RATIOS	2023	2024	2025F	2026F	2027F
ROE (%)	37%	46%	44%	45%	45%
ROA (%)	29%	36%	33%	34%	34%
ROIC (x)	1.80	2.92	4.06	8.22	16.15
WACC (%)	13%	13%	13%	13%	13%
P/E (x)	13.7	9.9	10.2	9.6	9.0
EV/EBITDA (x)	11.7	8.7	8.1	7.6	7.2
EV/FCF (x)	9.7	15.1	9.5	9.0	8.4
P/B (x)	5.0	4.5	4.5	4.3	4.1
P/S (x)	8.8	6.0	5.9	5.5	5.2
EV/sales (x)	10.2	6.9	6.8	6.4	6.0
Dividend yield	5%	12%	6%	6%	6%

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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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