

Industrial Property

Catching the movement waves

Notes

Purpose and Target Investors

This analysis report has been prepared for all investors who are in need of in-depth information regarding the Industry and Topic mentioned, including but not limited to the customers at VPBankS.

However, we would like to emphasize that this analysis report will be most beneficial for investors with a fundamental analysis approach, and an average stock holding period of over 3 months.

Scope of Research

Within the scope of this report, we focus solely on information relevant to the Steel Industry, as well as stocks within the industry's purview. This enables investors to gain a comprehensive overview of the industry and make informed decisions when selecting industry sectors for investment purposes.

Information pertaining to other industries, if present, is included only to serve as a basis for our analysis of the Steel Industry and its associated stocks.

Limitations of the Report

This analysis report has been prepared based on information and data from various sources. While we have made efforts to validate, we cannot guarantee the completeness and accuracy of this information.

The analyses and opinions presented in this report reflect the perspective of the analyst, based on information and data. We are committed to maintaining objectivity; however, biases influenced by personal knowledge and experience might be present. Investors should consider these insights as a reference and make investment decisions independently.



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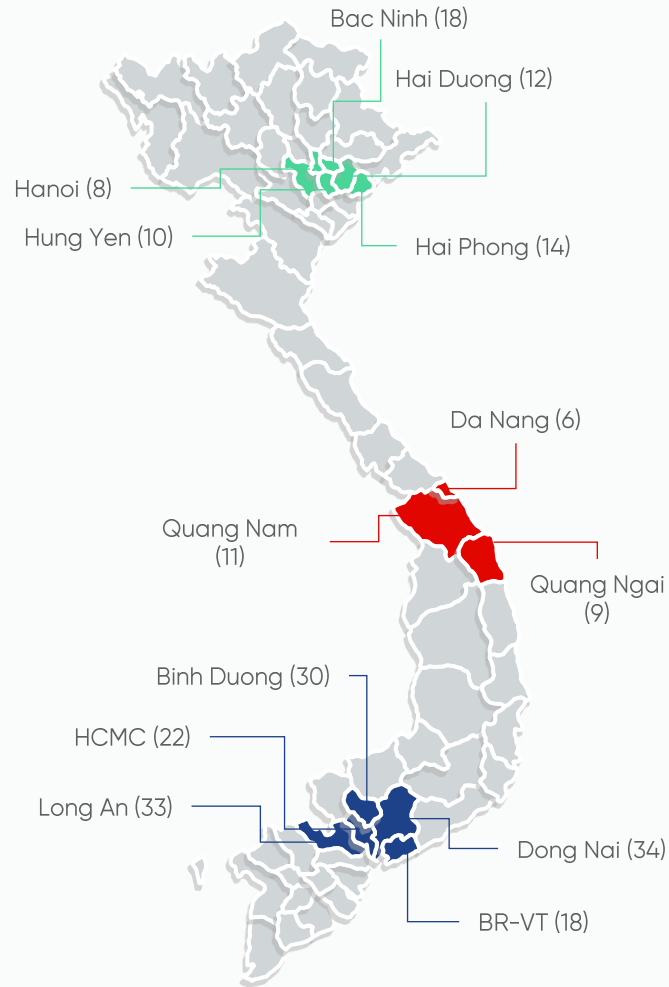
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Vietnam Industrial Property Market at A Glance

Number of IP projects in key provinces



Northern IP market

- Current: Advanced electronics, automotive, electrical equipment



IP land

- Total area: 17,190ha
- Leasable area: 11,855ha
- Rental price: 85-175 US\$/sqm/lease-term
- Occupancy rate: 73.4%



Warehouse

- Total area: 1,763,572sqm
- Rental price: 2.8-7.2 US\$/sqm/month
- Occupancy rate: 81.2%



Ready-built-factory

- Total area: 2,518,125m2
- Rental price: 3.7-7.0 US\$/sqm/month
- Occupancy rate: 89.5%

Central IP market

- Current: Heavy industries, and traditional light industries



IP land

- Total area: ~11,000ha
- Leasable area: 7,748ha
- Rental price: 33.5-97 US\$/sqm/lease-term
- Occupancy rate: 64.1%



Warehouse

- Total area: 242,390sqm
- Rental price: 1.5-3.3 US\$/sqm/month
- Occupancy rate: 82.1%



Ready-built-factory

- Total area: 90,568sqm
- Rental price: 2.4-4.0 US\$/sqm/month
- Occupancy rate: 53%

Southern IP market

- Current: traditional sectors (plastics and rubber, textile, FMCG)



IP land

- Total area: 41,950ha
- Leasable area: 27,948ha
- Rental price: 95-286 US\$/sqm/lease-term
- Occupancy rate: 89%



Warehouse

- Total area: 4,576,166sqm
- Giá cho thuê: 2.5-6.5 US\$/sqm/month
- Occupancy rate: 82.0%



Nhà xưởng xây sẵn

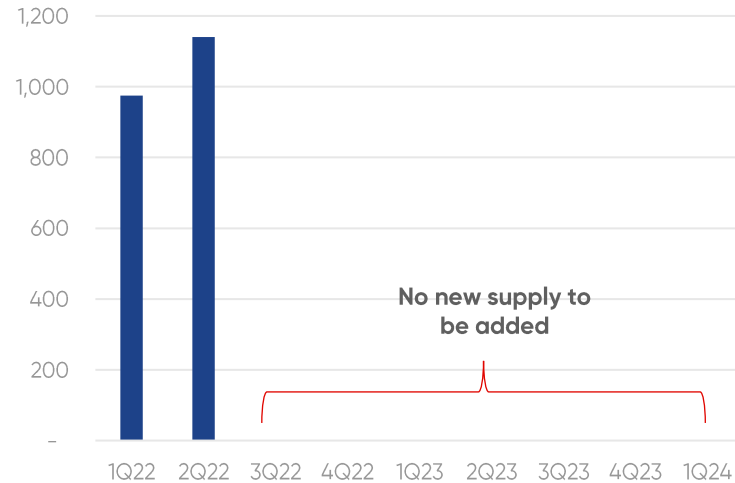
- Total area: 4,656,283sqm
- Rental price: 3.0-7.5 US\$/sqm/month
- Occupancy rate: 82.2%

1Q24 market recap: A contrast between two big industrial hubs

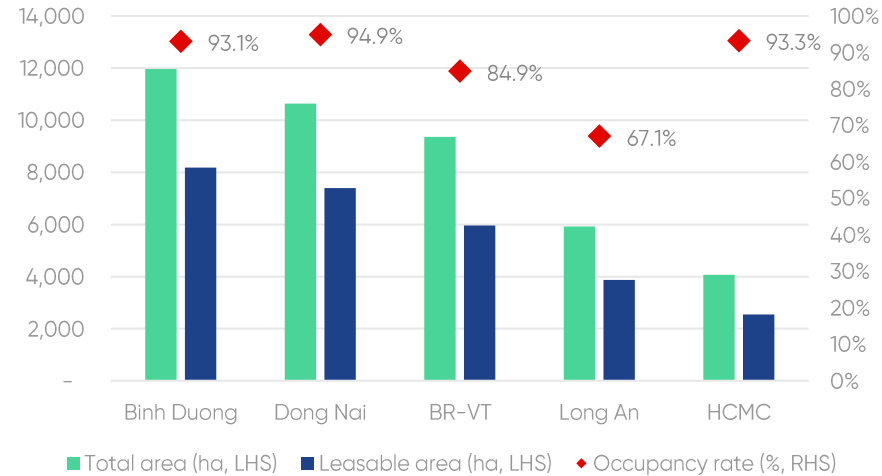
A contrast between two big industrial hubs

Southern market prolonged lack of new supply situation...

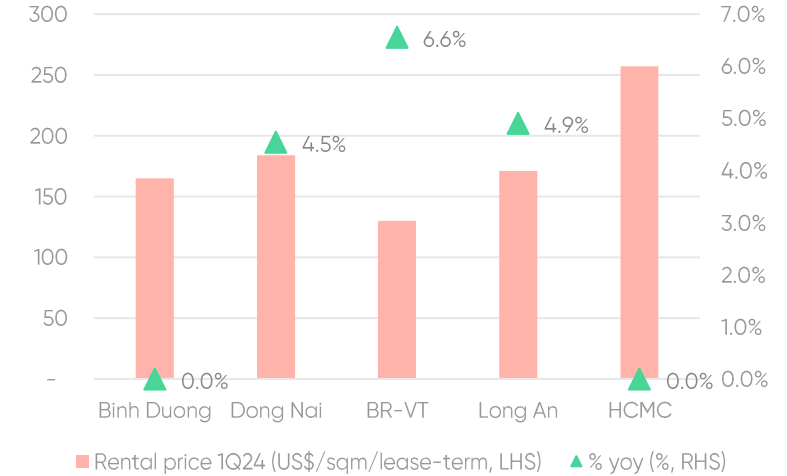
With no new supply to be welcomed in 1Q24, ...
(Unit: ha)



...average occupancy rate inched up by 1% pts qoq



Rental price in BR-VT increased the most among Southern IPs

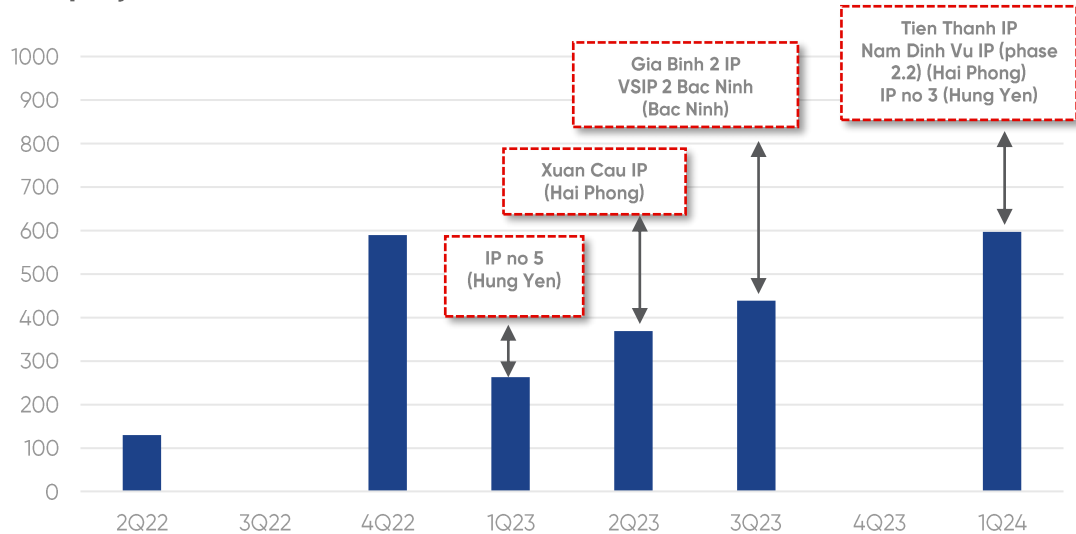





- In 1Q24, Southern market continued to show another quarter with no new supply to be put into operation, leading to lack any new supply since mid-2022. Total industrial supply unchanged qoq and yoy with land area and leasable area stayed at 41,950ha and 27,948ha, respectively.
- Occupancy rate inched up by 1% pts qoq and 2% pts yoy at 89%, mostly from hand overed transactions in BR-VT, which reached 67.1% of occupancy rate (edged up by 2.5% pts qoq). On the other hand, with no transactions throughout the quarter, occupancy rate of 4 remaining provinces stayed at high base and unchanged qoq.
- BR-VT also is the bright spot in rental price with highest increase among five Southern key provinces about 2.6% qoq and 6.6% yoy, respectively.

A contrast between two big industrial hubs

... on the other hand, Northern market welcomed abundant new supply

After a freezing quarter, around 600ha was introduced in 1Q24 from 3 new projects... (Unit: ha)



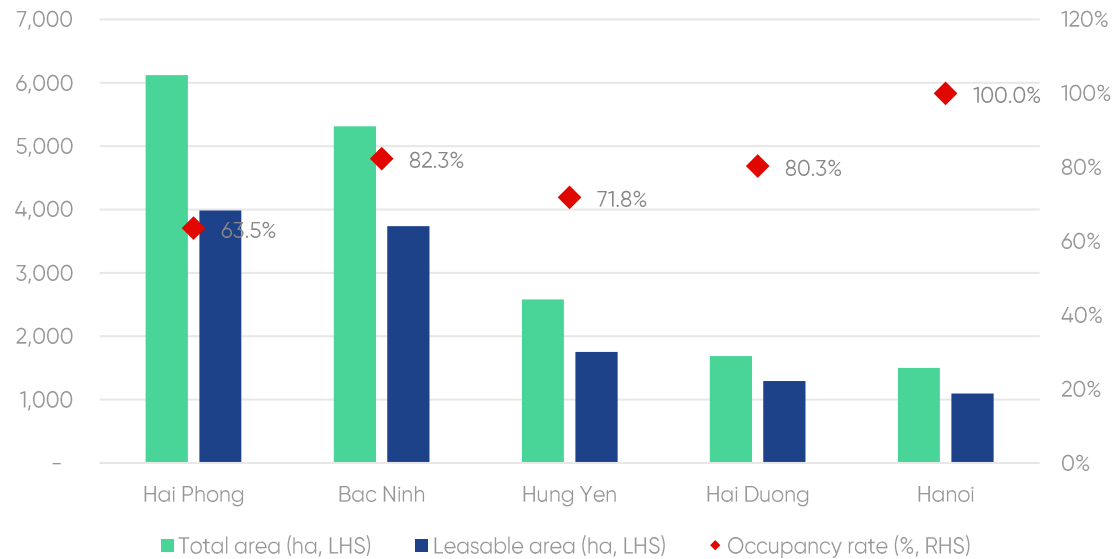
Project	Location	Total area (ha)	Leasable area (ha)	
Tien Thanh IP	Tien Lang, Hai Phong	410	289	
Nam Dinh Vu IP (phase 2.2)	Dinh Vu-Cat Hai Economic Zone, Hai Phong	253	196	
IP no 3	Khoai Chau, Hung Yen	160	112	

- Northern market showed mixed performance compared to the Southern market in 1Q24. After a freezing quarter, Northern welcomed abundant new supply about 597ha of leasable area from 3 new projects.
- Hai Phong continued to leading position in providing new supply with 2 projects: Tien Thanh IP (289ha) in Tien Lang and Nam Dinh Vu IP (phase 2.2) in Dinh vu-Cat Hai economic zone. Since start of 2023, Hai Phong accelerated legal process to put into operation several new IP projects, with aiming to become one of the best attractive destinations for both domestic and foreign investors.

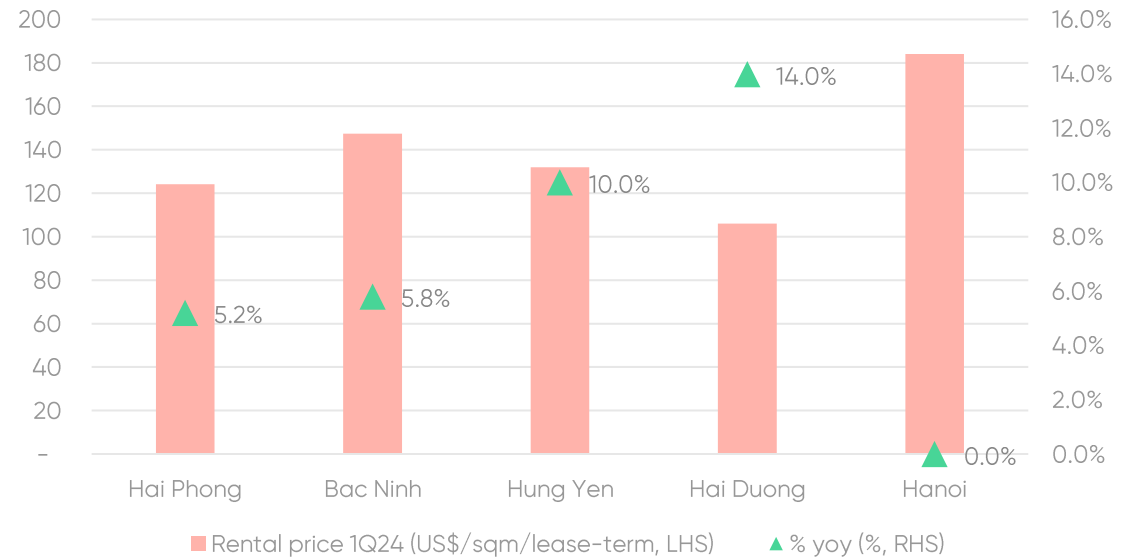
A contrast between two big industrial hubs

... on the other hand, Northern market welcomed abundant new supply

...led to 0.9% pts yoy decrease in 1Q24 occupancy rate...



... and pushed up rental price in all regions



- With new supply to be added in 1Q24, total area of Southern market reached 17,190ha, in which 11,855ha is leasable area. Occupancy rate dropped by 0.9% pts yoy and 1.3% pts qoq. Correlated with the contribution of supply, Hai Phong and Hung Yen had the highest decrease in occupancy rate about 9.6% pts and 0.6% pts qoq, respectively.
- Except Hanoi with no room for leasing, upward trend in rental price was shown entire Southern IP provinces, led to an average increase about 7.0% yoy. Hai Duong showed the most impressive increase in 1Q24 rental price about 14.0% yoy, thanks to rental price stayed in low-base and lower and Northern market, which also is an attractive indicator for investors

1Q24 earnings recap

1Q24 earnings recap

Disappointing results for the warm-up quarter

	Market cap (VNDbn)	Revenue (VNDbn)			PBT (VNDbn)			Plan 2024 (approval in AGM)				Comment
		1Q24	% yoy	% qoq	1Q24	% yoy	% qoq	Revenue	% complete	PBT	% complete	
GVR	120,000	4,590	10.8%	-39.7%	778	-17.9%	-53.4%	24,999	18.4%	4,104	19.0%	<ul style="list-style-type: none"> 1Q24 revenue increased by 10.8% yoy thanks to the recovery of global rubber. 1Q24 PBT dropped by 17.9% yoy due to lack of land compensation (VND211bn was recorded in 1Q23).
BCM	55,890	812	2.6%	-84.3%	128	61.6%	-94.6%	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> 1Q24 revenue/PBT increased by 2.6%/61.6% yoy, respectively from the low base of 2023, with most contribution from Bau Bang IP (higher GPM). 1Q24 earnings without contribution from CapitaLand' deal.
VGC	23,269	2,664	-4.1%	-11.9%	344	55.8%	2,479.9%	13,468	19.8%	1,216	28.3%	<ul style="list-style-type: none"> 1Q24 revenue decreased by 4.1% yoy but PBT surged by 55.8% yoy thanks to IP segment with higher-than-expected GM while glass segment continuing to be intensive.
KBC	22,261	152	-93.1%	-82.0%	(36)	-102.8%	-117.1%	9,000	1.7%	4,000	-0.9%	<ul style="list-style-type: none"> Disappointed earnings in 1Q24 with a 93.1% yoy drop in revenue due to freezing IP segment and PBT recorded a loss about VND36bn.
IDC	19,470	2,467	115.1%	10.2%	999	367.6%	31.6%	8,466	29.1%	2,502	39.9%	<ul style="list-style-type: none"> 1Q24 earnings surged strongly with a 115.1%/367.6% yoy increase in revenue/PBT come from (1) handover IP land following MOUs, (2) booked revenue from handover 1.45ha for AEON Vietnam.

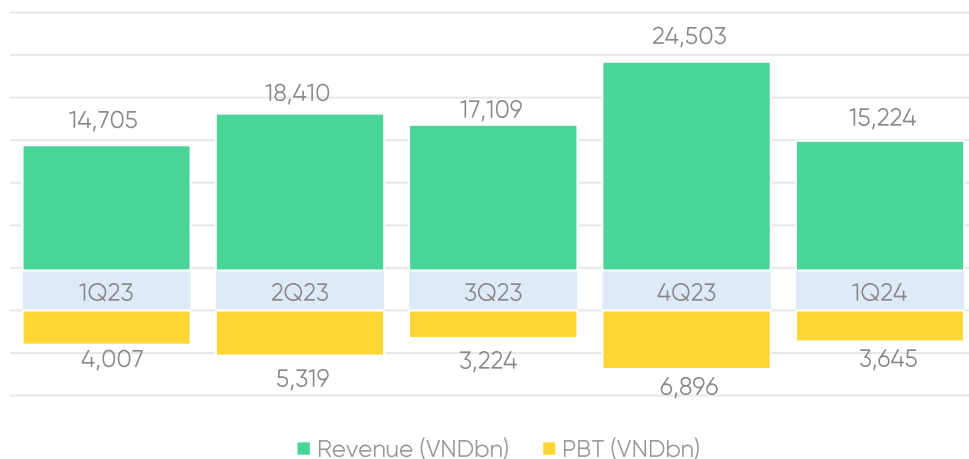
1Q24 earnings recap

	Market cap (VNDbn)	Revenue (VNDbn)			PBT (VNDbn)			Plan 2024 (approval in AGM)				Comment
		1Q24	% yoy	% qoq	1Q24	% yoy	% qoq	Revenue	% complete	PBT	% complete	
SIP	15,163	1,827	31.0%	-4.5%	316	38.2%	-29.3%	5,388	33.9%	991	31.9%	<ul style="list-style-type: none"> Revenue and PBT improved strongly with a 31.0% and 38.2% yoy increase thanks to higher contribution of utilities services in IP project.
SNZ	12,248	1,292	21.5%	-24.9%	439	47.9%	-12.6%	6,366	20.3%	1,631	26.9%	<ul style="list-style-type: none"> 1Q24 earnings bounce back from the low base of 2023 with the positive earnings of all subsidiaries like SZC, SZB, SZL...
PHR	7,859	323	-1.0%	-30.2%	90	-68.2%	-51.7%	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> Revenue slightly declined by 1.0% yoy but PBT dropped by 68.2% yoy due to lack of land compensation from VSIP 3.
SZC	7,379	214	238.4%	-17.3%	83	466.1%	26.3%	881	24.3%	285	29.0%	<ul style="list-style-type: none"> 1Q24 earnings surged strongly come from 1Q23 earnings recorded lowest results (slower-than-expected handover process on both Chau Duc IP and Sonadezi Huu Phuoc UA).
NTC	4,845	57	-2.3%	-9.7%	78	-14.1%	2.3%	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> Revenue/PBT just declined by 2.3% yoy and 14.1% yoy, respectively, in the context of waiting for Nam Tan Uyen IP expansion to unify land compensation costs and put it into operation to contribute to revenue.
ITA	4,748	77	16.8%	-68.3%	22	16.3%	-81.3%	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> 1Q24 earnings improved yoy thanks to acceleration of rental activities for warehouse and RBF.
DPR	3,323	187	3.8%	-54.2%	85	9.9%	-23.9%	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> 1Q24 earnings increased yoy thanks to the recovery of global rubber.

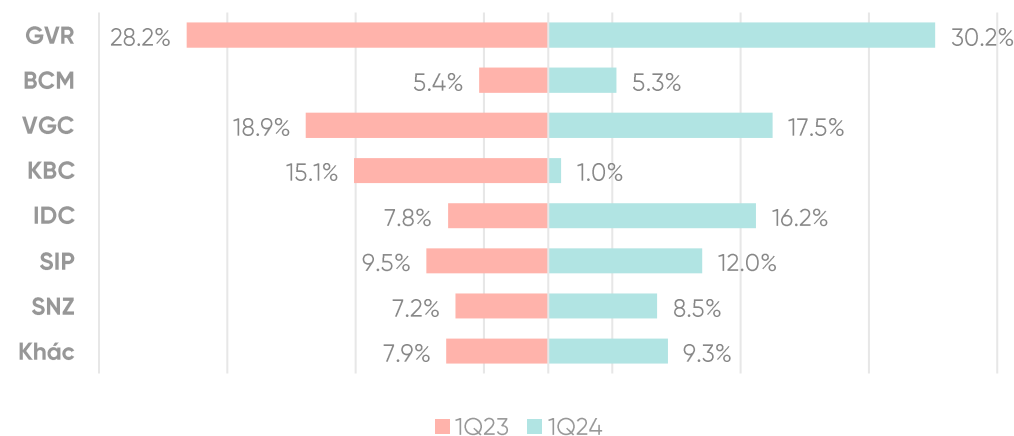
1Q24 earnings recap

	Market cap (VNDbn)	Revenue (VNDbn)			PBT (VNDbn)			Plan 2024 (approval in AGM)			
		1Q24	% yoy	% qoq	1Q24	% yoy	% qoq	Revenue	% complete	PBT	% complete
SZG	1,757	92	8.6%	4.5%	46	8.9%	-24.2%	417	22.1%	153	29.8%
LHG	1,605	76	-34.1%	-47.4%	40	-36.1%	-49.3%	N/A	N/A	N/A	N/A
TIP	1,515	38	20.8%	-19.2%	33	110.5%	-72.5%	317	12.1%	209	15.7%
IDV	1,334	39	-22.0%	2.3%	39	5.6%	-1.5%	279	14.0%	156	25.0%
SZB	1,278	202	129.5%	97.1%	132	288.8%	333.1%	920	21.9%	234	56.3%
SZL	1,083	115	12.1%	-8.9%	29	-2.6%	-29.5%	458	25.2%	106	27.4%

Industrial property sector earning by quarter

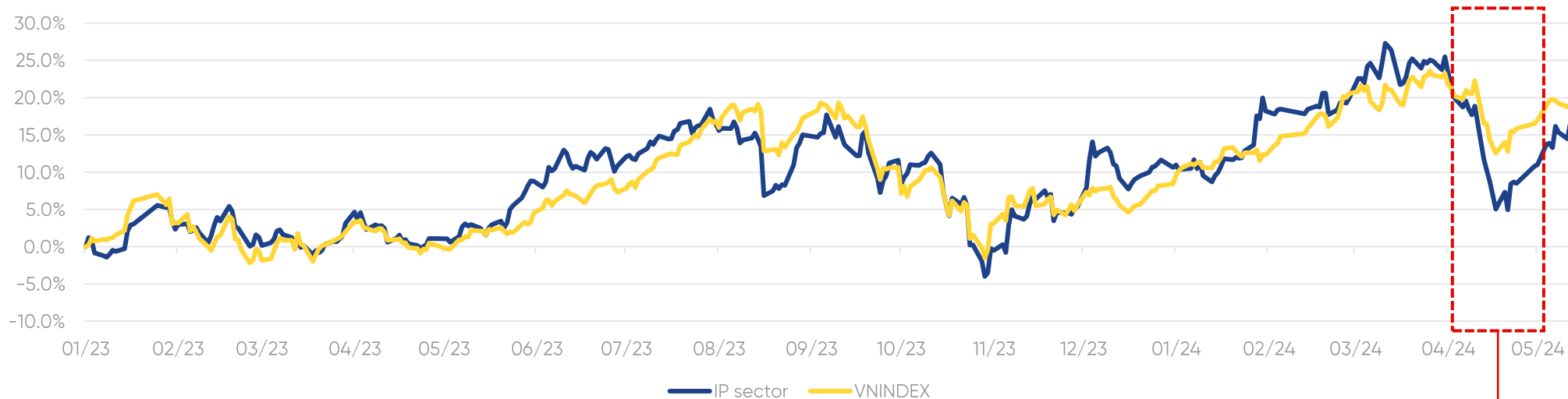


Proportion of leading companies in IP sector



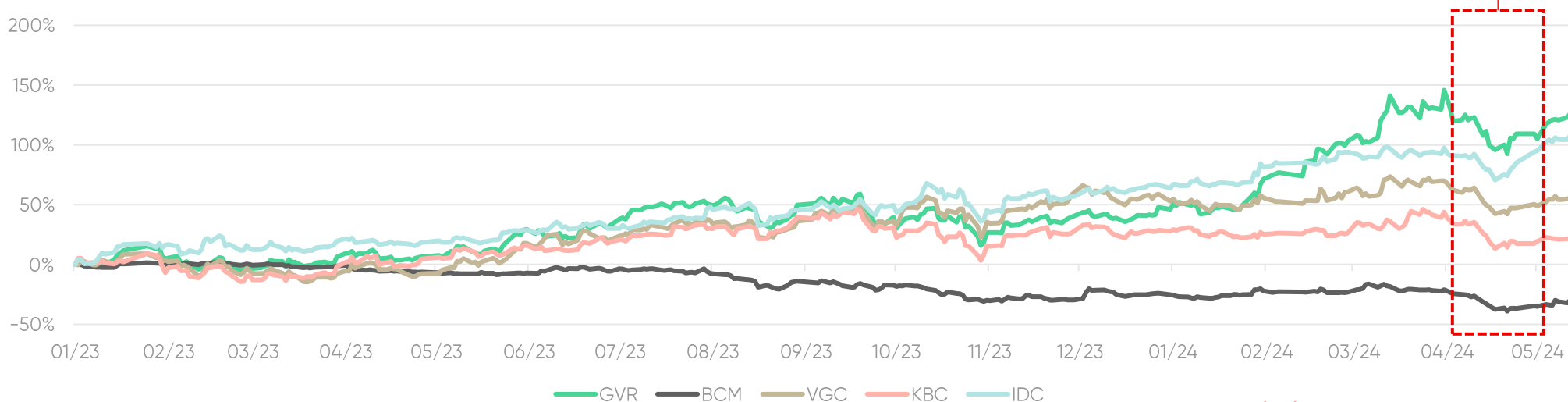
Performance of IP stocks after 1Q24 earnings

Disappointing results drags down IP sector performance, far below VNINDEX



1Q24 earnings came out

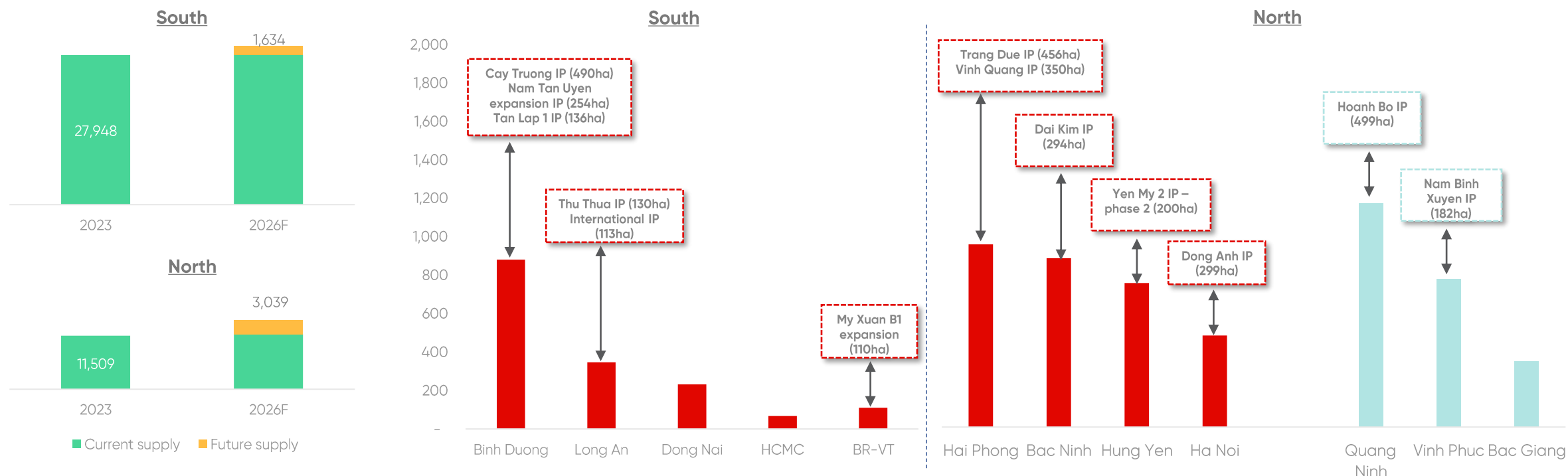
Top 5 leading IP stocks shared a same scenario



2024-25F outlook

Opposite trend in new supply will continue in medium-term

Southern market will witness limited new supply while Northern market will see new supply boom in 2024-26F (Unit: ha)



We believe the Southern and Northern markets will maintain their opposing new supply trends in 2024-26F:

- For Southern market, just about 1,634ha will be added in 2024-26F, with Binh Duong province as the main contributor. We believe the Southern market will go through a hard time to accelerate legal procedures for deploying new IP projects due to inconsistency between the master plan of the Nation and each province.
- For Northern market, the new supply boom will come not only from tier-1 markets but also from rising tier-2 markets in 2024-26F, with a land bank of about 3,039ha and 2,268ha, respectively. We see Bac Giang and Quang Ninh as the rising hot-spots to attract FDI inflows in the tier-2 market, which has strong future supply and reasonable rental prices. The Northern market was developed later than the Southern market, leading to more room to expand IP land banks and higher rental price growth rates thanks to better infrastructure connectivity.

Opposite trend in new supply will continue in medium-term

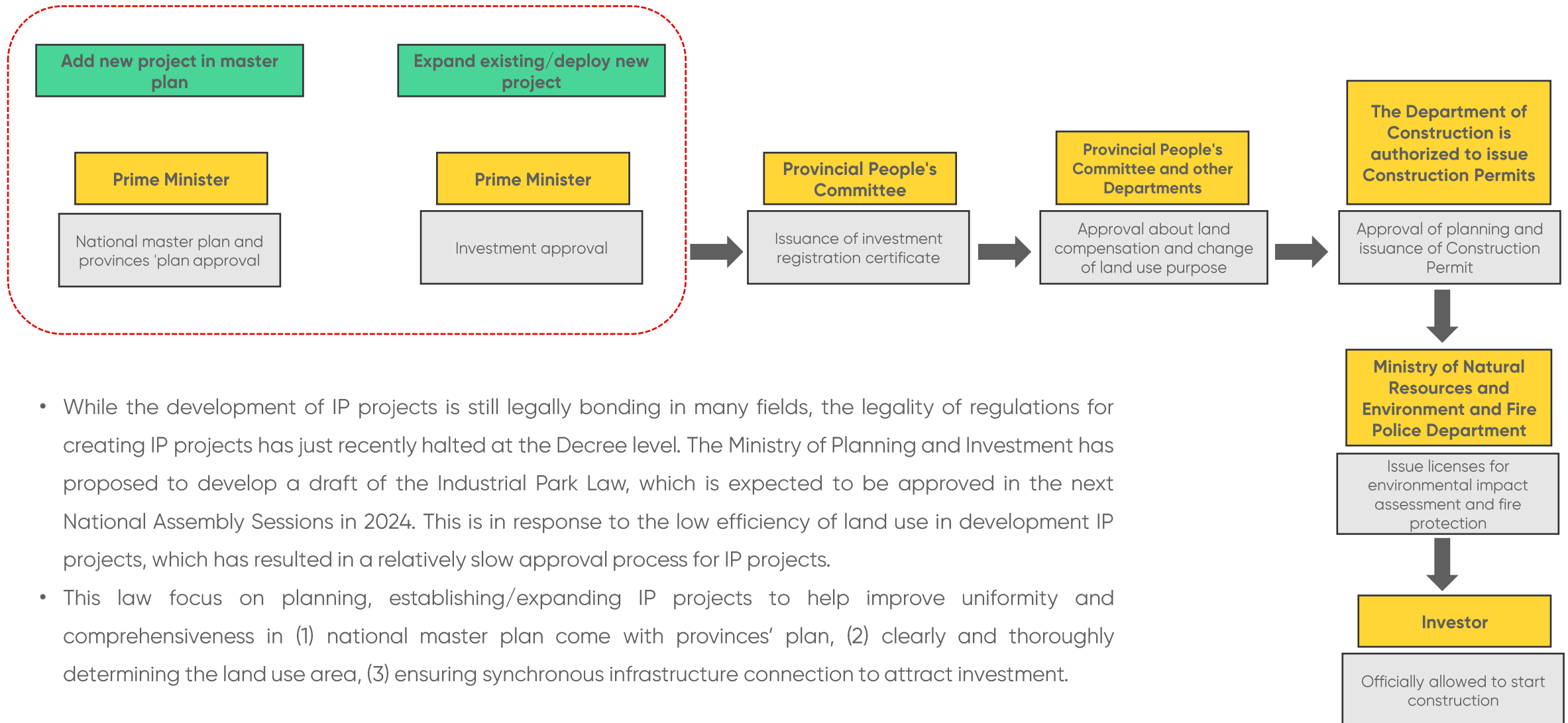
Decision 227/QĐ-TTg has created more quotas to expand IP land bank in many provinces until 2025F

Province	IP master plan until 2025 (Decision 326/QĐ-TTg)	IP master plan until 2025 - adjusted (Decision 227/QĐ-TTg)	Different after adjustment	IP master plan until 2025 (Decision 326/QĐ-TTg)
North				
Hanoi	2,787	2,787	-	3,828
Bac Ninh	4,760	5,540	780	6,408
Hai Phong	7,262	7,262	-	8,710
Hung Yen	3,849	4,209	360	5,021
Vinh Phuc	3,037	3,187	150	4,815
Quang Ninh	3,658	3,808	150	5,904
Hai Duong	3,115	3,385	270	5,661
Thai Nguyen	3,286	2,953	(333)	4,245
Bac Giang	3,377	3,377	-	7,000
Central				
Da Nang	2,023		-	2,412
Quang Nam	2,525	2,725	200	3,524
Quang Ngai	2,662	2,352	(310)	3,157
South				
HCMC	5,021	5,021	-	5,918
Binh Duong	11,990	11,990	-	14,990
Dong Nai	12,470	12,470	-	18,543
Long An	10,479	10,479	-	12,433
BR-VT	8,550	8,079	(471)	10,755
Binh Phuoc	4,258	4,908	650	7,584
Tay Ninh	3,580	3,580	-	4,269

- On 12 Mar 2024, Prime Minister approved the Decision 227/QĐ-TTg about adjustment the master plan until 2025 in 63 provinces, in order to supplement and adjust the Decision 326/QĐ-TTg (signed 2022).
- Notably, after adjustment, many Northern provinces have more quotas to expand IP land bank until 2025F like Bac Ninh, Hung Yen, Hai Duong and Quang Ninh. We believe it might be positive signal to tackle bottleneck legal procedure, leading to expectation for deploying new IP project in these provinces soon.
- On the other hand, most of Southern provinces witnessed the unchanged in IP master plan until 2025F, after adjustment. Combine with a lot of province have nearly exceeded IP land bank by 2025 (like Binh Duong, Dong Nai, BR-VT), we reinforces that Southern new supply will be limited in short-term to medium-term.

Waiting for official IP law to resolve new supply in long-term

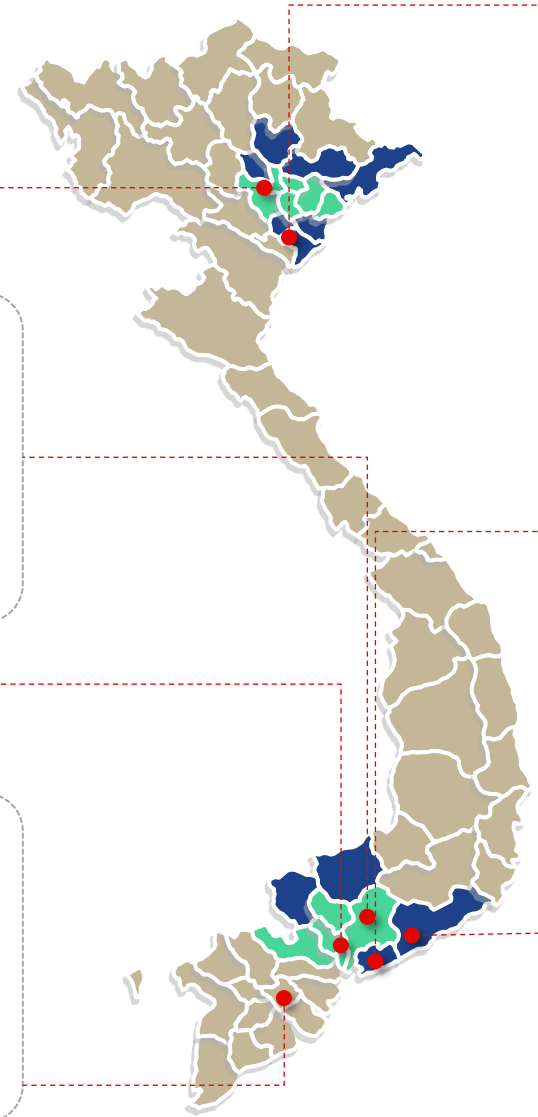
Industrial park project approval process



- While the development of IP projects is still legally bonding in many fields, the legality of regulations for creating IP projects has just recently halted at the Decree level. The Ministry of Planning and Investment has proposed to develop a draft of the Industrial Park Law, which is expected to be approved in the next National Assembly Sessions in 2024. This is in response to the low efficiency of land use in development IP projects, which has resulted in a relatively slow approval process for IP projects.
- This law focus on planning, establishing/expanding IP projects to help improve uniformity and comprehensiveness in (1) national master plan come with provinces' plan, (2) clearly and thoroughly determining the land use area, (3) ensuring synchronous infrastructure connection to attract investment.

Key infrastructure projects to boost the IP market

Tier-1 markets
Tier-2 markets



Hanoi Ring Road 4

To be completed in 2025



Long Thanh Intl Airport

To be completed in 2026



HCMC Ring Road 3

To be completed in 2025



My Thuan-Can Tho Expressway & My Thuan 2 Bridge

Completed in 2023



Ninh Binh-Hai Phong Expressway

To be completed in 2027



Bien Hoa-Vung Tau Expressway

To be completed in 2025



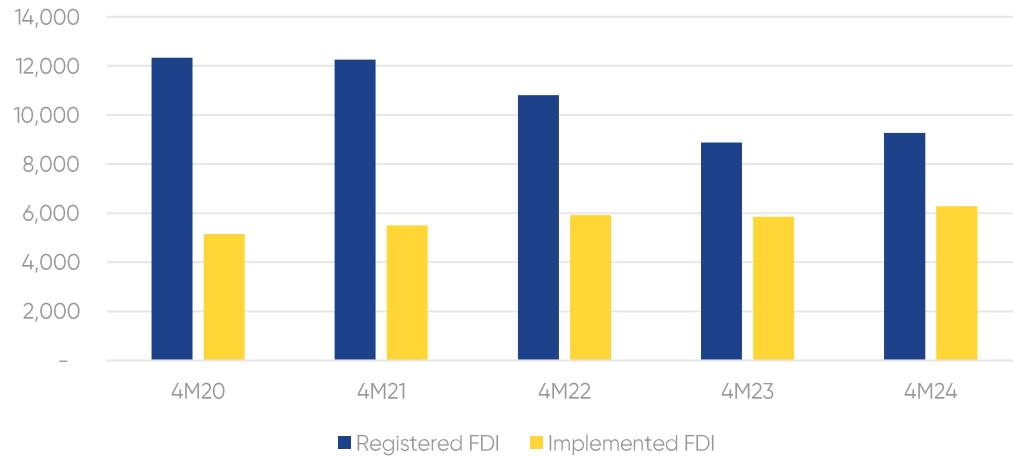
Dau Giay-Phan Thiet-Vinh Hao Expressway

Completed in 2023

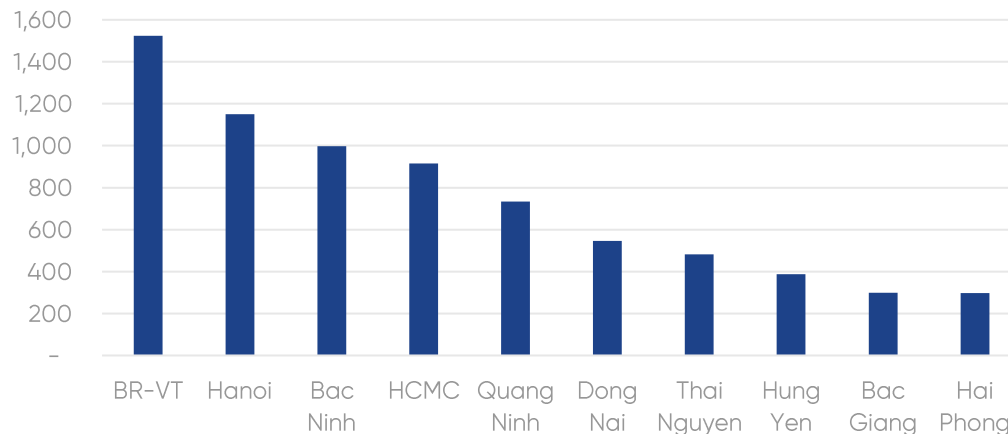


Well position to catch next FDI waves

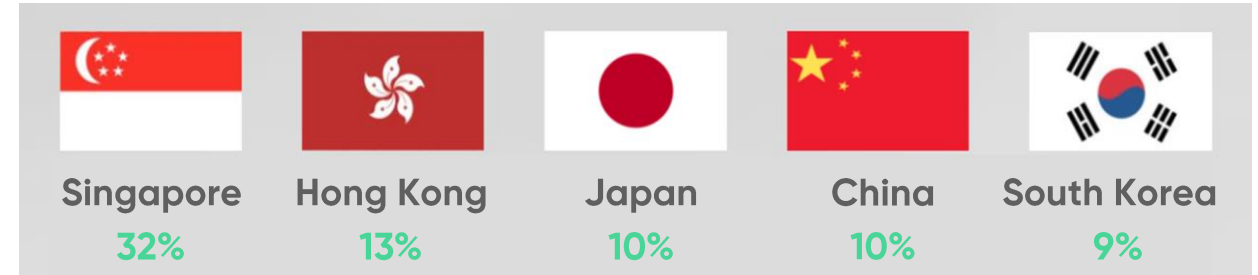
FDI inflows continued to improve in 4M24 (US\$m)



Key IP provinces show positive ability to attract FDI inflow (US\$m)

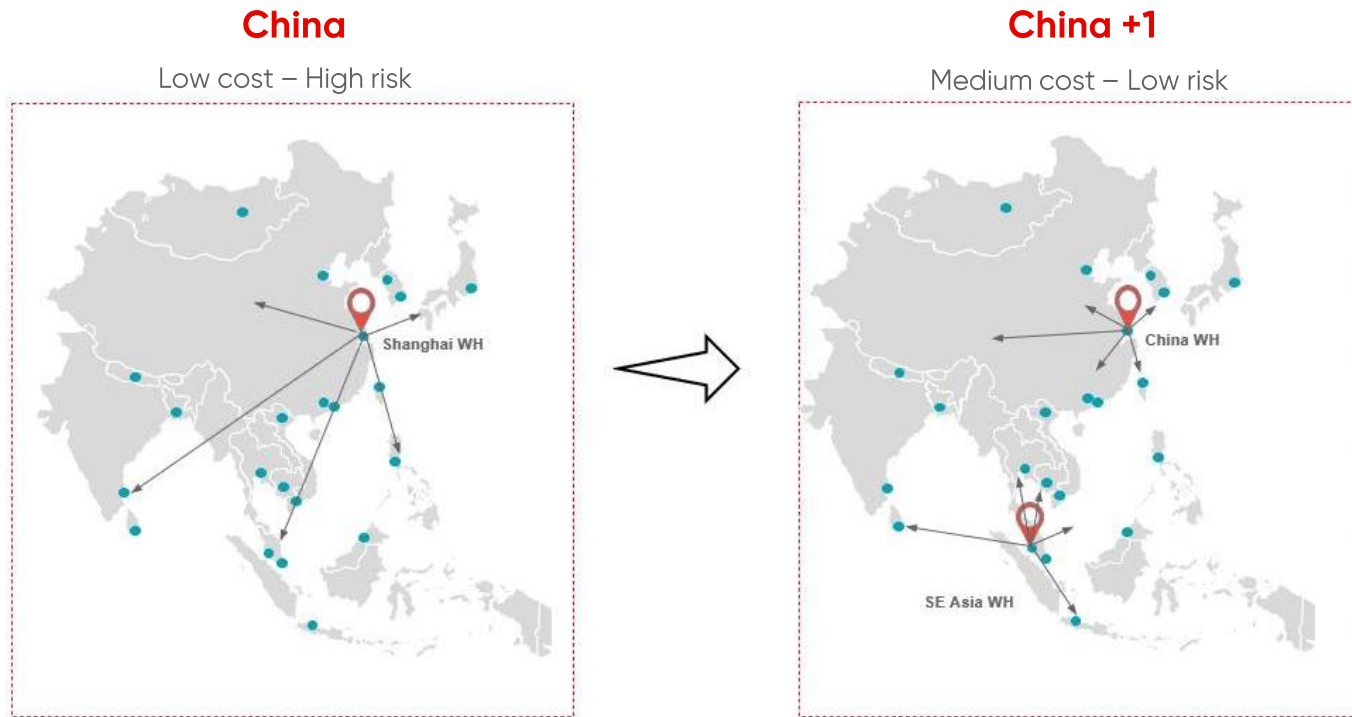


Top 5 contributors in FDI inflows by nation

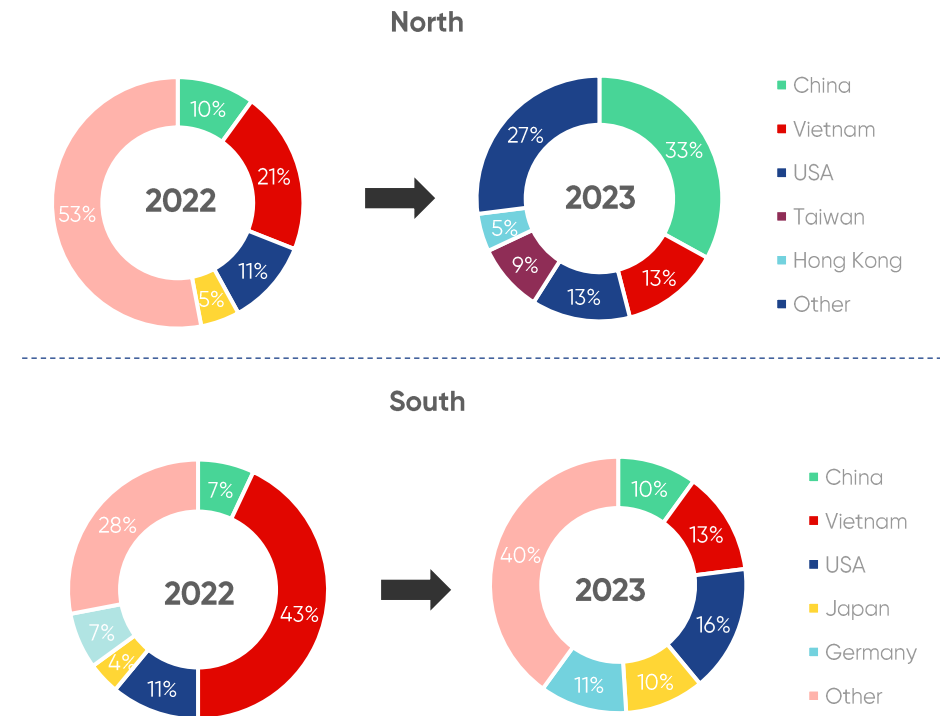


- According to the Ministry of Planning and Investment, 4M24 registered FDI capital reached US\$9.27m, increased by 4.55 yoy while implemented FDI capital reached the new highest record since 2020 with a 7.4% yoy increase to US\$6.28m.
- Singapore, Hong Kong, Japan, China and South Korea are 5 leading contributors in 4M24 FDI inflows, accounting for over 70% total registered FDI capital.
- BR-VT is the spotlight in 4M24 with more than 16% of registered FDI capital poured into this locality, coming from many high-quality investment projects from Korean, China and Japan.
- Manufacturing maintain the leading position filed on attracting FDI inflows (accounting for 66.4% total registered FDI), we believe this field will be the key attractive in 2024, which is positive factor driving the growth of IP market.

Well position to catch next FDI waves – China +1



Tenant enquiries for IP land











- Viet Nam has been fighting its way up the value chain for years, and its efforts have been rewarded in recent years given the US-China Trade War and the diversification and relocation of many investors outside of China to Southeast Asia.
- According to CBRE, group of tenants from China, Taiwan and Hong Kong showed a high interest in IP land in the North with a 47% proportion of 2023 Northern enquiries (+32% pts yoy). We believe that is clearly the sign for a shifting trend of much big electronics production from China to Vietnam

Well position to catch next FDI waves – China +1

More and more electronics manufacturers are moving or planning to move from China to Vietnam

Company	Status	Products	Headquarter
Inventec	In process	Apple parts supplier	Taiwan
Wistron	In process	ODM Computer parts	Taiwan
Pegatron	In process	Apple parts supplier	Taiwan
Apple	In process	AirPods	USA
Qisda	In process	EMS provider	Taiwan
Dell	Planning	Computer	USA
Google	Planning	Smartphone	USA
Microsoft	Planning	Computer	USA
Lenovo	Planning	Computer	Hong Kong
Nintendo	Planning	Console	Japan

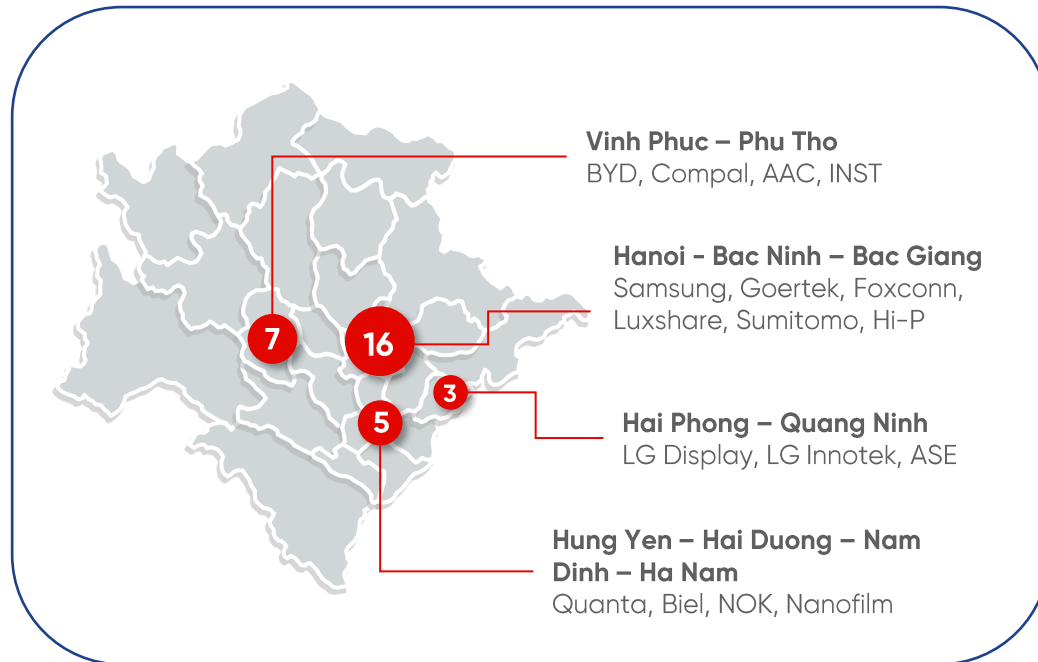
Tenant mix of 2 big IP hubs

North	Key developers	VSIP, KBC, VGC, TNI Holdings, Deep C			
	Tenant mix	 Electronic & computer	 Automotive	 Machinery & Equipment	 Solar related manufacturing
South	Key developers	VSIP, SNZ, SZC, SIP, TIP, ITA, IDC			
	Tenant mix	 Rubber & plastic products	 FMCG	 Building material	 Textile

- Many technology giants have specific plans to move production from China to Vietnam, such as Apple, Qisda, Pegatron.... JPMorgan expects Apple to relocate 65% of AirPods, 20% of iPad, 20% of Apple Watch, and 5% of MacBook manufacturing to Viet Nam by end-2025. Some large electronics manufacturers are also planning to land in Vietnam in the coming years such as Dell, Google, Microsoft, and Lenovo,...
- We believe that the Northern market, with its proximity to China and the completed development environment for electronics manufacturing, will be a suitable destination to catch this electronics movement wave from China.

Well position to catch next FDI waves – China +1

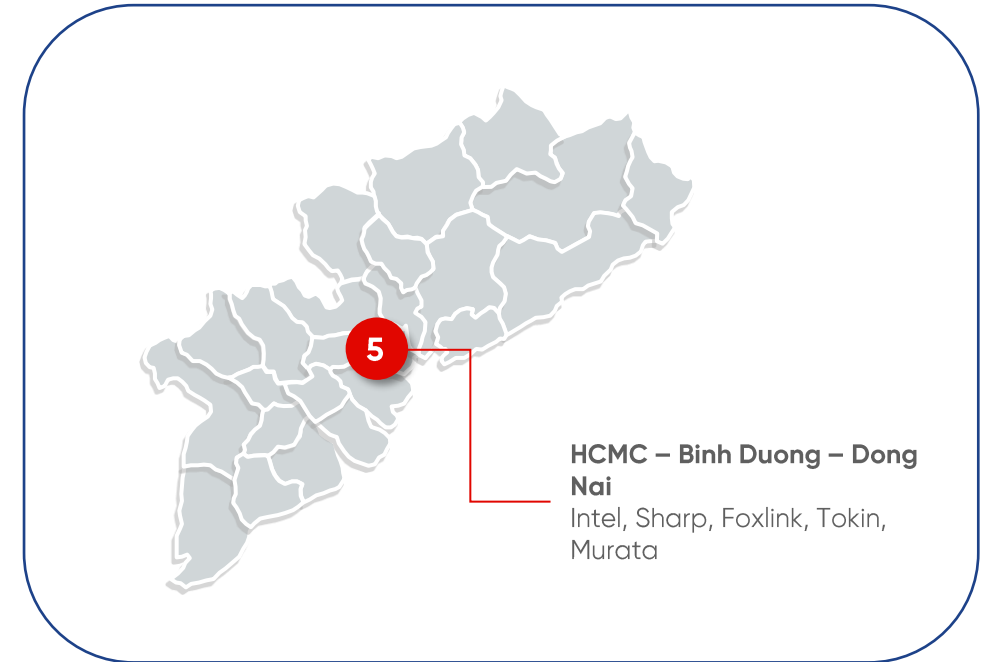
Will enjoy the most advantage from its leading position Apple value chains



35 Suppliers

Top 4 Worldwide

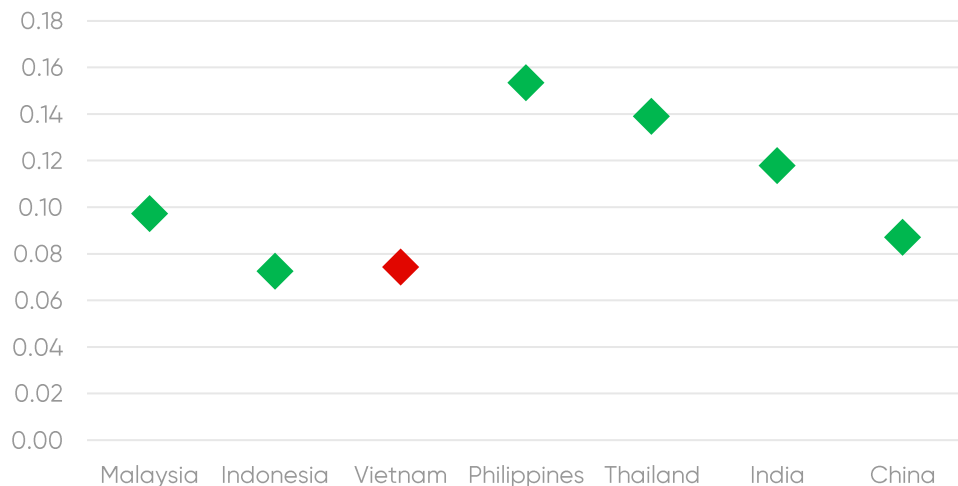
Top 1 Southeast Asia



- Leading the number of Apple suppliers in Southeast Asia is one of the reasons to strengthen the belief that Vietnam is the ideal destination, which enjoys the most advantage from the shifting trend of China +1. At the end-2023, there are currently 35 electronic components and software suppliers for Apple in Vietnam.
- Given Apple's intention to boost its production capacity in Vietnam in the upcoming years, electronic companies that supply Apple with components will be more likely to invest in, resulting in the development of an ecosystem and a robust supply chain for Apple in Vietnam.

Well position to catch next FDI waves – Competitive costs

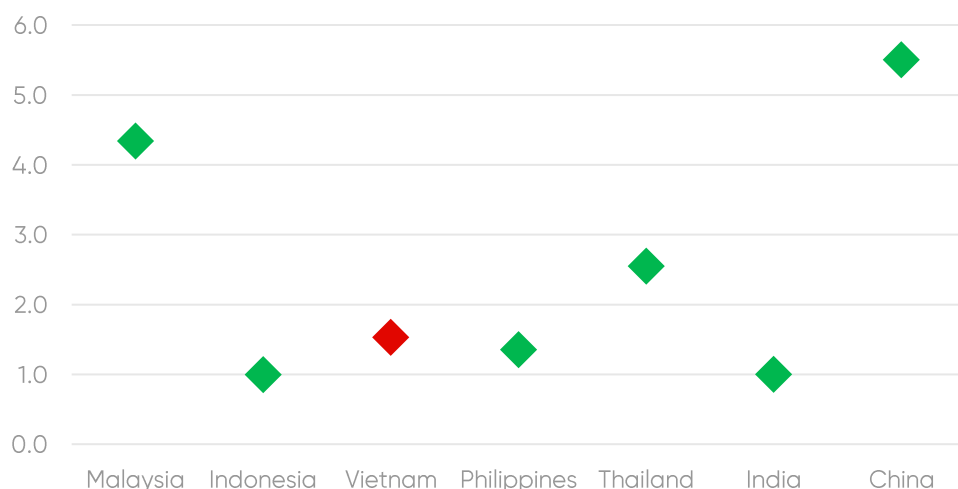
Electricity cost for corporate use(US\$/kWh)



Construction cost (US\$/sqm)



Manufacturing wage (US\$/hour)



- Vietnam has shown the ability to become the new global production hub for electronics, technology and high-value sectors. We believe that Vietnam is well-positioned to attract FDI inflows and become a favorite destination for foreign investors thanks to competitive operating costs for manufacturing.
- Although Vietnam' labor cost is now higher than its rival – Indonesia, but it offsets by overall Vietnam' operating cost is more competitive with lower construction costs, power costs and land rental cost. According to Euromonitor and JLL, Indonesia provides rental price from 190-240US\$/sqm/lease-term, while Vietnam offers more diverse rental prices from 30-240US\$/sqm/lease-term. Especially Northern market – key FDI attraction, with all regions offer rental price lower than 190US\$/sqm/lease-term (lower than Indonesia).

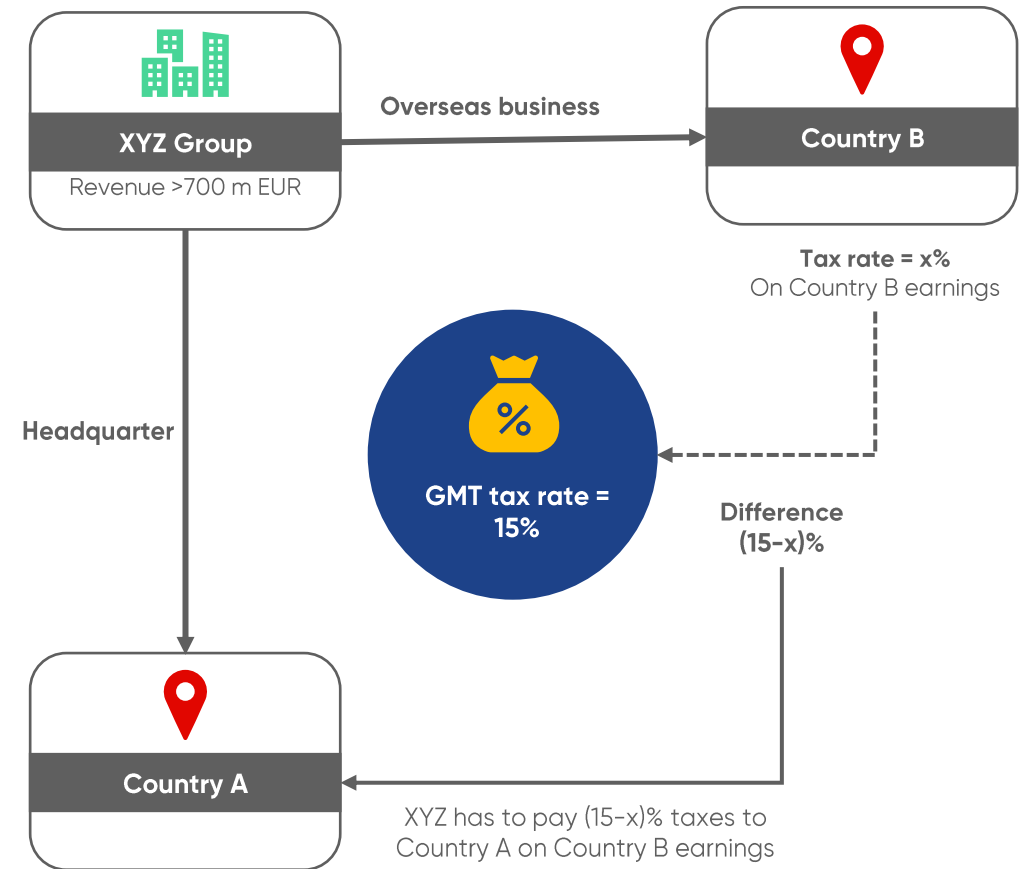
Well position to catch next FDI waves – Tackle the bottleneck about tax policy

Corporate tax rate of Vietnam vs other rivals

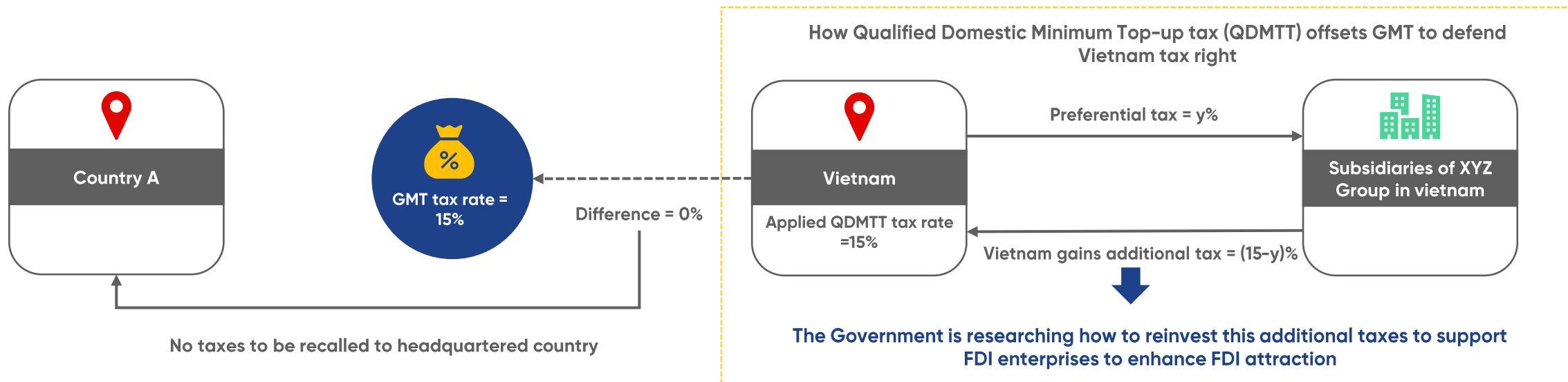


- Another reason helps Vietnam become the favorite destination for foreign investors is preferential tariff – lower than regional rivals.
- However, since OECD initiated GMT, which effected from 1 Jan 2024, to resolve potential tax risks from economic digitalization; foreign investors have been more worried about the interest rate landscape throughout 2023. With GMT affection, FDI enterprises have to pay tax difference to the headquartered country, making preferential tariff no longer effective, leading to Vietnam lose advantage.

Illustration about how Global Minimum Tax (GMT) work



Well position to catch next FDI waves – Tackle the bottleneck about tax policy



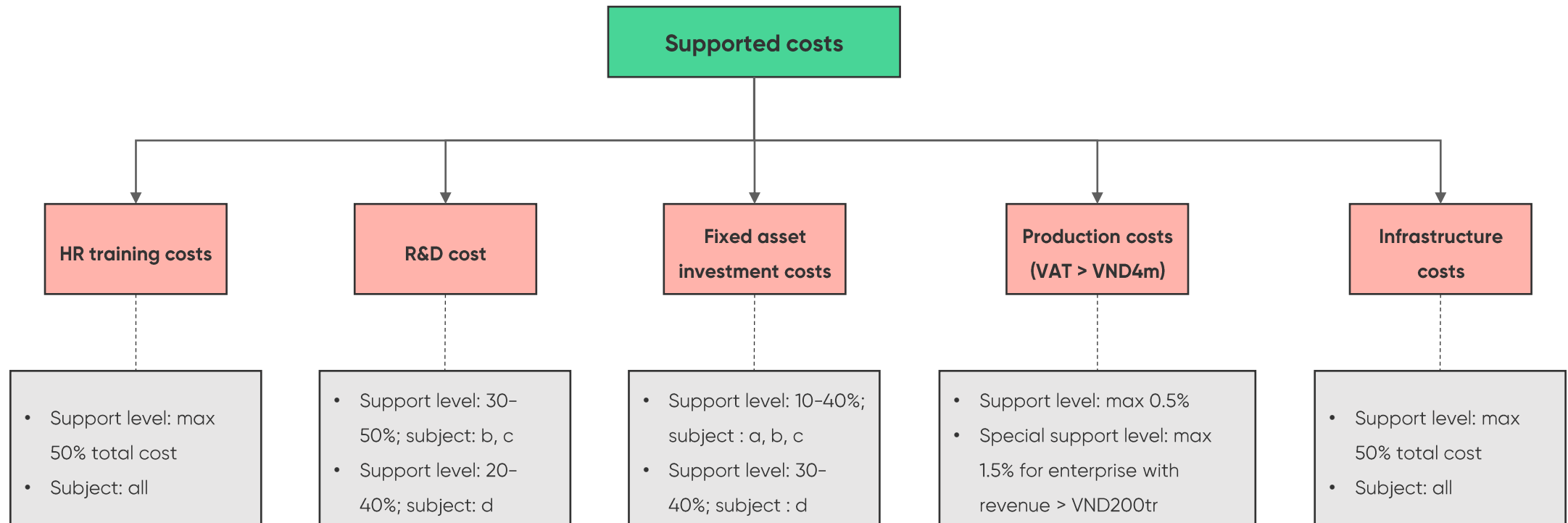
- To defend the right of internal tax, many worldwide countries and regional countries have quickly researched to apply Qualified Domestic Minimum Top-up tax (QDMTT) to offsets the affection of GMT. Even the slower-than-expected than regional rivals, Vietnam officially applied QDMTT from 1 Jan 2024, same time with OECD countries. Besides, Vietnam also applied QDMTT tax rate about 15%, equal to the tax rate announced by Indonesia, Malaysia and Thailand. Thus, Vietnam has maintained tax-competitiveness with regional peers.
- The government is still researching alternative incentives to reinvest to FDI enterprises to reduce many operating cost, helping to offset the loss of preferential policies for investors as a result of instituting the GMT and QDMTT. We believe that from now until the first time for tax payment affected by GMT and QDMTT (end of fiscal year 2024), Vietnam' FDI attractiveness will depend on when these alternative incentives become effective.

Well position to catch next FDI waves – Tackle the bottleneck about tax policy

The government is still researching alternative incentives by developing a draft decree to establish an investment support fund that will use a part of the additional tax.

The group of foreign enterprises will benefit mainly from satisfying the following requirements:

- Enterprises with investment projects to produce high-tech products
- High-tech enterprise
- Enterprises have projects applying high technology
- Enterprises have investment projects in research and development centers



Stock picks

Peer comparison and 2024 earnings forecast

Company	Market cap (VNDbn)	2024F NPAT-MI (VNDbn)	% yoy	ROE TTM (%)	ROA TTM(%)	D/E (x)	P/E TTM (x)	Current P/B (x)	P/S TTM (x)
Rubber, IP									
GVR	133,400	3,080	19.1%	5.0%	3.2%	0.12	53.13	2.63	6.21
PHR	8,184	542	-12.5%	13.1%	7.7%	0.08	17.51	2.20	6.34
DPR	3,558	226	25.7%	8.6%	4.7%	-	17.41	1.49	3.98
Average				8.9%	5.2%	0.07	29.35	2.11	5.51
IP developers									
BCM	60,858	2,314	-5.2%	13.9%	4.8%	1.01	24.66	3.27	9.92
VGC	24,659	1,256	3.1%	15.4%	5.2%	0.54	20.03	3.06	2.32
KBC	23,642	2,291	14.8%	5.4%	2.8%	0.18	24.17	1.31	8.15
IDC	20,691	1,881	34.9%	39.8%	11.3%	0.57	10.66	4.00	2.80
SIP	16,399	975	2.0%	29.4%	4.9%	0.42	15.82	4.30	2.51
SZC	7,784	275	25.6%	13.6%	3.9%	1.54	19.38	2.62	9.46
LHG	1,770	218	31.2%	9.6%	4.9%	0.11	11.85	1.09	5.22
Average				18.2%	5.4%	0.62	18.08	2.81	5.77
Average			10.9%	15.4%	5.4%	0.46	21.46	2.60	5.69
Median				13.4%	4.9%	0.30	18.45	2.63	5.72

Stock picks

For group of IP developers, we like:

- Companies own large available land bank and future land bank in the North, have experience in developing IP suitable for electronic manufacturing, will enjoy the most advantage from strong FDI inflows.
- Companies have disappointed 1Q24 results but can bounce back in 2Q24 and have a positive 2024 earnings outlook.

Stocks	Target price	2024 cash dividend	Investment thesis
KBC	VND41,700	N/A	<ul style="list-style-type: none"> • KBC is one of leading IP developers in the North with most of IP projects located in strategic location to capture FDI inflows. KBC owns 3,200ha of total IP land and 900ha of future land bank, which can be introduced in next 2 years. • Positive 2024-25 earnings forecast thanks to (1) strong backlog from signed MOU of Nam Son Hap Linh IP, Tan Phu Trung IP, (2) high contribution of new project – Trang Due 3 IP, which was approved 1/2000 plan and is waiting for final legal procedure to be put into operation since 2H24. • Attractive valuation: KBC trades at 1.3x current P/B, significantly lower than both average peers and its average trailing 3-year.
IDC	VND64,400	VND4,000/share	<ul style="list-style-type: none"> • IDC owns large IP land bank spread across the country, with about 3,400ha of total area, in which 620ha is available IP land. We expect after a low base year of 2023, IDC earnings will rebound strongly in 2024 thanks to (1) strong backlog from existing IP projects, (2) handover 2.2ha commercial land to AOEN Vietnam. • IDC is aiming to expand IP land bank with some potential project will be welcomed in next years like My Xuan B1 expansion IP, Tan Phuoc 1 IP (waiting for final legal procedure, expect to start rental activities from 2025), Vinh Quang IP (approved 1/2000 plan, expect to start rental activities from 2026). • Highest operating efficiency among peers: NPAT-MI (+34.9% yoy), outstanding ROE and ROA TTM at 39.8% and 11.3%, respectively.

Stock picks

For group of IP business converted from rubber land, we like:

- Companies have strong financial health, ensure the high cash dividend policy every year.
- Companies own large rubber land, high potential to convert to IP land in next coming years.

Stocks	Target price	2024 cash dividend	Investment thesis
PHR	VND62,300	VND4,000/share	<ul style="list-style-type: none"> • Rubber business is expected to recover from a low base in 2023 thanks to (1) global rubber will prolong shortage situation in next years due to Thailand and Indonesia will continue reduce rubber plantation, which is driving force for Vietnam rubber, (2) trailing to the rebound of China automotive manufacturing, (3) crude oil will stay high, supported for upward trend of rubber price. • IP business might be waiting for positive signal in legal procedure, especially for process of rubber land convert to IP land. We expect Tan Lap 1 IP – key project of PHR will tackle bottleneck in 2025 and put into operation from 2026. • For long run, we estimated PHR can convert about 3,900ha rubber land to IP land until 2030, which will be the strong catalyst for PHR earnings outlook. Following Binh Duong IP plan for 2021-2030, there are many new IP projects added, most of them use PHR' convertible rubber land.
DPR	VND49,500	VND2,000/share	<ul style="list-style-type: none"> • We expect DPR earnings can bounce back from the low base in 2023 as the same rubber bright outlook of PHR • For long-term outlook, IP segment is expected to be main contributor in earnings growth thanks to the legal procedure of 2 key IP projects – Bac Dong Phu expansion and Nam Dong Phu expansion might be accelerated and completed in 2024-26 after Decision 227/QĐ-TTg affected.

Kinh Bac City Development Share Holding Corp (HSX: KBC)

BUY – Target price: VND41,700 (+34.5%)

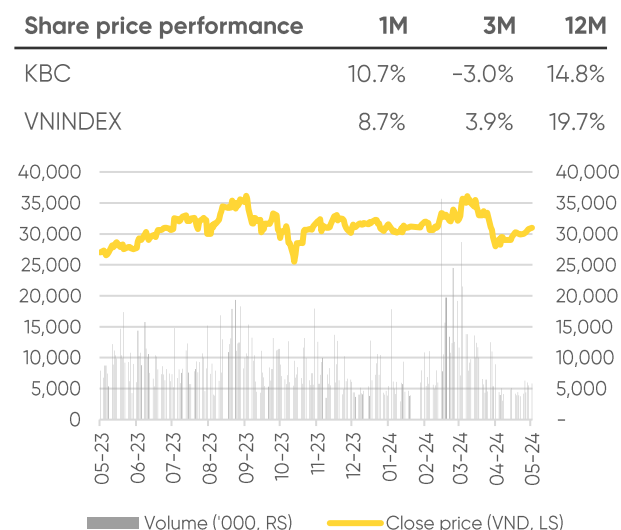
Investment thesis

Our BUY recommendation with TP of VND41,700, was underpinned by:

- KBC is well-positioned to capture the movement waves from China +1 and strong FDI inflows in next coming years thanks to one of the leading IP in the North. KBC owns IP projects with strategic position, competitive rental price and high absorption rate. Besides, KBC has the experience in development IP project, which is suitable for electronic manufacturing.
- Strong backlog will support 2024 outlook. We estimated KBC had large MOUs for leasing IP land at end-2023, in which mostly are ready-for-handover IP land: Nam Son Hap Linh (68ha), Tan Phu Trung (20-22ha).
- Trang Due 3 IP will be key driver for FY24-25F earnings growth. We expect Trang Due 3 IP can finalize legal procure in May/ Jun 2024 after 1/2000 and 1/500 plan approval in Nov 2023 and Feb 2024, respectively. We forecast KBC can hand over around 65-70ha IP land of Trang Due 3 IP in 2H24, following signed MOUs about 115ha.
- Attractive valuation: KBC trades at 1.3x current P/B, significantly lower than both average peers and its average trailing 3-year. Our TP implies a 2024 P/B at 1.5x, which we think attractive when combine with KBC' financial health and earnings outlook.

Downside-risk:

- Legal procedure: Prolonged legal process for new IP projects
- Time to record results: KBC has several time to delay recognition of IP revenue due to slower-than-expected land clearance.



Current price (VND)	31,000
Target price (VND)	41,700
Vs Consensus	+12.3%
Upside	34.5%
Dividend yield	0.0%
Total stock return	34.5%
Bloomberg code	KBC VN Equity
Market Cap (VNDbn)	26,828
52Wk High/Low	36,150/21,350
Avail Foreign Room	49%
Current Foreign Ownership	22.54%

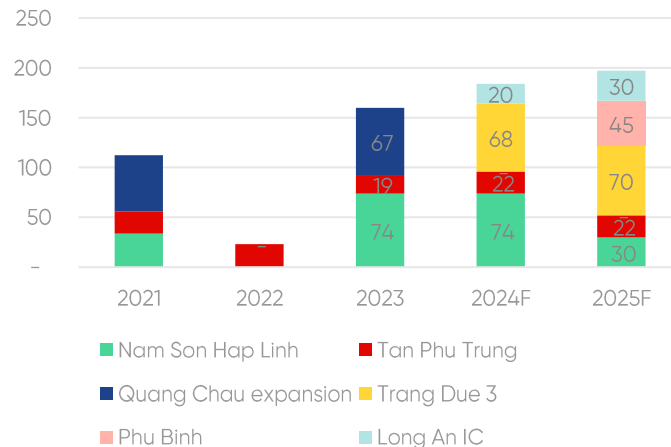
(VNDbn)	2022A	2023A	% yoy	2024F	% yoy
Revenue	1,397	5,859	319.2%	7,489	27.8%
_Industrial property	657	5,221	694.7%	6,473	24.0%
_Residential property	353	105	-70.3%	536	410.9%
_Others	387	533	37.6%	481	-9.7%
Gross profit	266	3,695	1290.5%	4,058	9.8%
SG&A expenses	510	813	59.3%	684	-15.9%
NPAT-MI	1,526	2,031	33.0%	2,291	12.8%
GPM	19.0%	63.1%		54.2%	
NPM	109.2%	34.7%		30.6%	
P/E (x)	15.9	11.8		13.0	
P/B (x)	1.5	1.2		1.5	
ROE	9.2%	11.0%		11.5%	
ROA	4.8%	6.6%		6.7%	

Kinh Bac City Development Share Holding Corp (HSX: KBC)

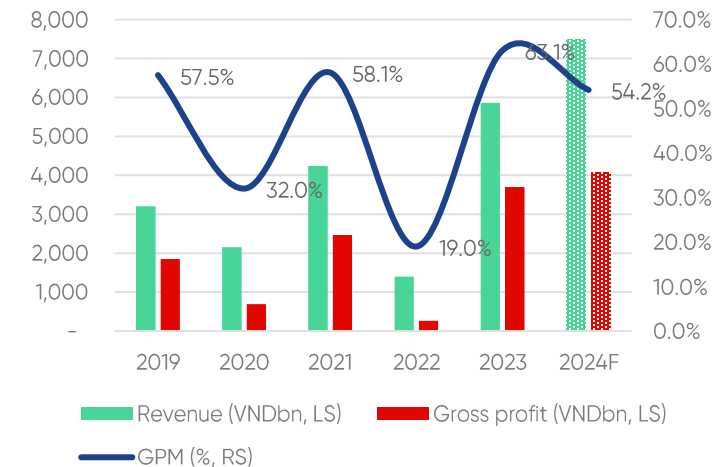
IP projects portfolio at 1Q24

Project	Location	Owner ship	Total Area (ha)	Occupan cy rate	Remaining are (ha)	Rental price (US\$/sqm/lease-term)
Fully occupied						
Que Vo 1	Bac Ninh	100.0%	274	100.0%	0	N/A
Que Vo 2	Bac Ninh	100.0%	244	100.0%	0	N/A
Trang Due 1	Hai Phong	86.5%	184	100.0%	0	N/A
Trang Due 2	Hai Phong	86.5%	190	100.0%	0	N/A
Quang Chau	Bac Giang	88.1%	426	100.0%	0	N/A
Quang Chau expansion	Bac Giang	88.1%	90	100.0%	0	140
Remaining IPs						
Nam Son Hap Linh	Bac Ninh	100.0%	300	55.9%	90	130-140
Tan Phu Trung	HCM	72.4%	542	80.9%	60	150-160
Upcoming IPs in 2024-2026						
Trang Due 3	Hai Phong	86.5%	687	0.0%	456	150-160
Tan Lap IC	Long An	86.5%	72	0.0%	46	120-130
Phuoc Vinh Dong 1 IC	Long An	100.0%	50	0.0%	35	120-130
Phuoc Vinh Dong 2 IC	Long An	88.1%	48	0.0%	31	120-130
Phuoc Vinh Dong 4 IC	Long An	72.4%	50	0.0%	36	120-130
Phu Binh	Thai Nguyen	N/A	675	0.0%	~470	130-135

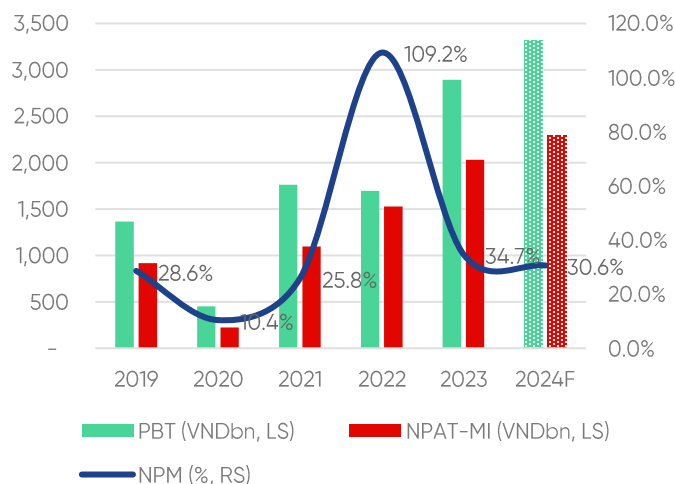
IP land handover by projects (ha)



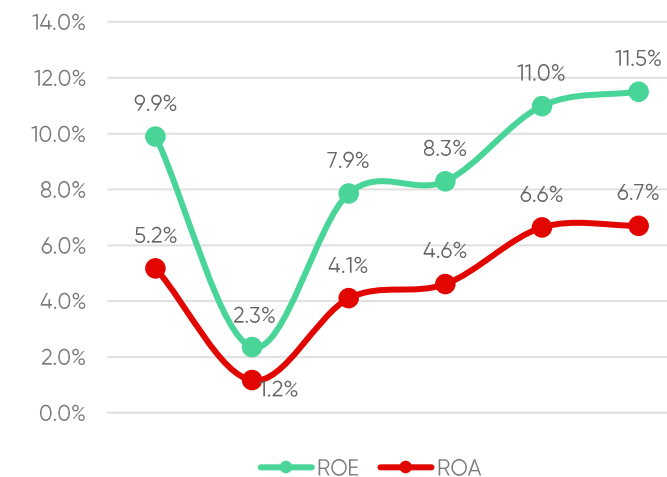
Revenue and GPM



NPAT-MI and NPM



ROE, ROA



IDICO Corporation (HNX: IDC)

HOLD – Target price: 64,400 (+10.4%)

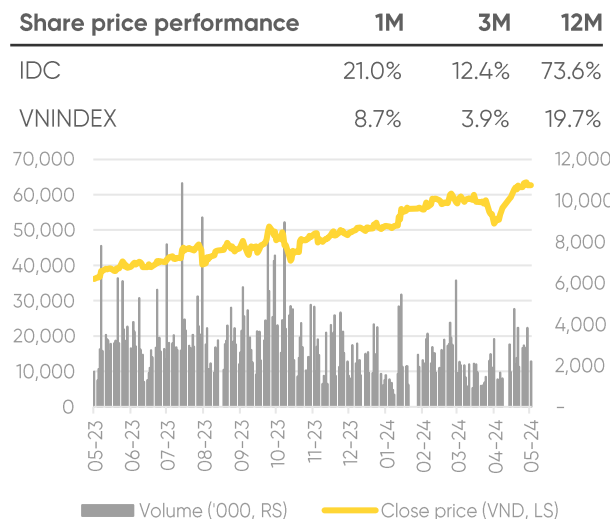
Investment thesis

Our HOLD recommendation with TP of VND64,400, was underpinned by

- Strong backlog will ensure 2024 bright outlook: IDC signed the largest deals for leasing IP land in 2023, about 170ha (include MOUs), in which total pending MOUs at end-2023 reached about 160ha from five key IP projects: Huu Thanh, Cau Nghin, Phu My 2, Phu My 2 expansion. We believe the high ready-for-lease IP land bank will be the strong catalyst driving 2024 earnings growth before the contribution from new projects. We forecast IDC can hand over around 129ha of IP land in 2024.
- Residential business can take a big leap in 2024 with the recognition from handover 2.2ha of commercial land for AEON Vietnam. Combine with positive earnings of IP business, we forecast 2024 NPAT-MI can increase by 34.9% yoy from the low base of 2023.
- For long-term outlook, we believe IDC can continue to show the bright prospect in 2025-26 thanks to the deploying of new IP projects. We expect that IDC' key IP projects might be put into operation is next 3 years after the legal procedure was resolved, like: Tan Phuoc 1 (Tien Giang), My Xuan B1 expansion (BR-VT) is waiting for final legal approval and Vinh Quang (Hai Phong) approved 1/2000 plan.
- High cash dividend yields: IDC approved 2024 cash dividend plan about VND4,000/share

Downside risk:

- Lower-than-expected IP land sales
- Delays in obtaining permits for new launches



Current price (VND)	62,000
Target price (VND)	64,400
Vs Consensus	+8.4%
Upside	3.9%
Dividend yield	6.5%
Total stock return	10.4%
Bloomberg code	IDC VN Equity
Market Cap (VNDbn)	20,691
52Wk High/Low	63,500/36,120
Avail Foreign Room	49.0%
Current Foreign Ownership	20.8%

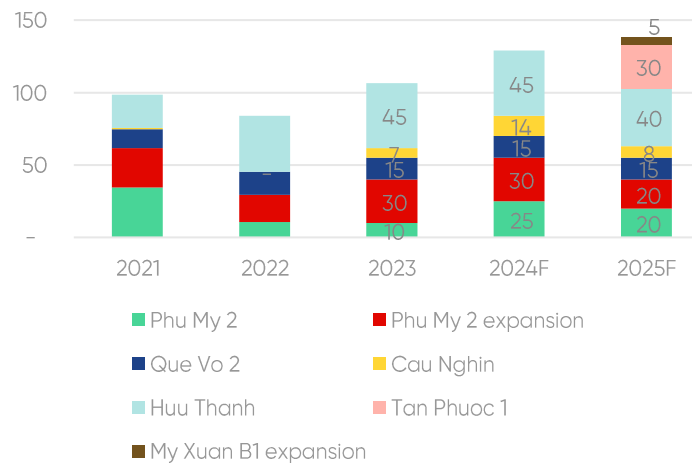
(VNDbn)	2022A	2023A	% yoy	2024F	% yoy
Revenue	7,485	7,237	-3.3%	8,568	18.4%
_Energy	2,878	2,924	1.6%	3,959	20.0%
_Industrial property	3,322	3,297	-0.7%	3,135	7.2%
_Residential property	86	103	20.1%	464	5.5%
_BOT	421	440	4.5%	445	332.1%
_Other	779	473	-39.3%	565	19.5%
Gross profit	3,060	2,422	-20.8%	3,122	28.8%
SG&A expenses	334	362	8.5%	341	-6.0%
NPAT-MI	1,768	1,393	-21.2%	1,881	34.9%
GPM	40.9%	33.5%		36.4%	
NPM	23.6%	19.2%		21.9%	
P/E (x)	9.5	12.6		11.3	
P/B (x)	3.4	2.9		2.8	
ROE	39.6%	22.6%		32.1%	
ROA	10.7%	8.0%		12.3%	

IDICO Corporation (HNX: IDC)

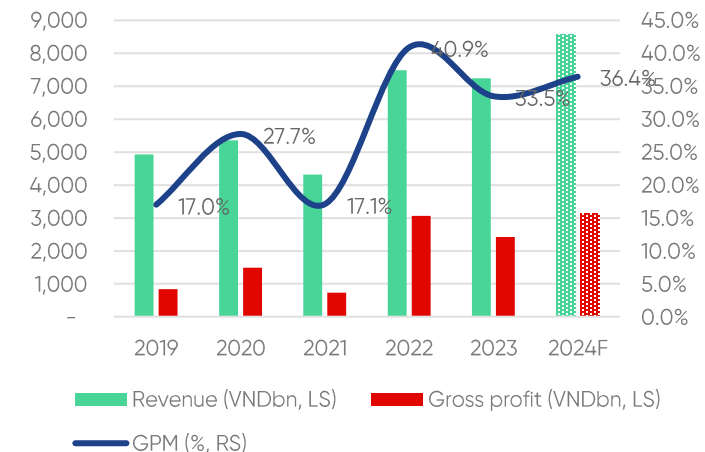
IP projects portfolio at 1Q24

Project	Location	Total area (ha)	Leasable area (ha)	Occupancy rate	Remaining area	Status
Fully occupied						
Nhon Trach 1	Dong Nai	382	284	100%	-	
Nhon Trach 5	Dong Nai	309	229	100%	-	
My Xuan B1	BR-VT	227	160	100%	-	
My Xuan A	BR-VT	302	229	100%	-	
Kim Hoa	Vinh Phuc	106	46	100%	-	
Remaining Ips						
Phu My 2	BR-VT	621	443	85%	66	
Phu My 2 expansion	BR-VT	398	273	62%	105	
Que Vo 2	Bac Ninh	270	177	64%	64	
Cau Nghin	Thai Binh	184	103	26%	76	
Huu Thanh	Long An	524	395	31%	271	
Upcoming IPs						
My Xuan B1 expansion	BR-VT	110-500	72-325			Waiting for investment approval to finalize legal procedure
Tan Phuoc 1	Tien Giang	470	320			
Vinh Quang	Hai Phong	350				Approved 1/2000 plan
6 IP project: 2 in the North, 1 in Central and 3 in the South		~1,500				Preparing 1/2000 plan.

IP land handover by projects (ha)



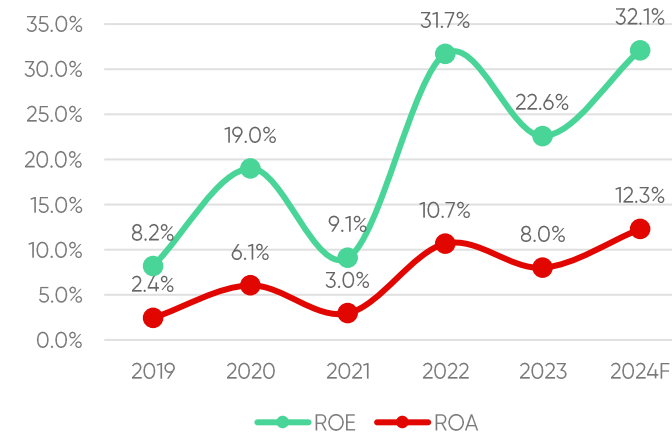
Revenue and GPM



NPAT-MI and NPM



ROE, ROA



Phuoc Hoa Rubber JSC (HSX: PHR)

HOLD – Target price: VND62,300 (+10.1%)

Investment thesis

Our HOLD recommendation with TP of VND62,300, was underpinned by:

- Rubber, wood business: expect to rebound from the low base of 2023 thanks to (1) global rubber will prolong shortage situation in next years due to Thailand and Indonesia will continue reduce rubber plantation, which is driving force for Vietnam rubber, (2) trailing to the rebound of China automotive manufacturing, (3) crude oil will stay high, supported for upward trend of rubber price.
- IP business: will go through the hard time to welcome new project in 2024–25 due to a lot of IP project in Binh Duong province was pending for approval in the context Binh Duong' IP land quota until 2025 are limit and priority approved projects might be Cay Truong IP, Nam Tan Uyen expansion IP... We believe IP business has to wait for positive signal in legal procedure, especially for process of rubber land convert to IP land. We expect Tan Lap 1 IP – key project of PHR will tackle bottleneck in 2025 and put into operation from 2026.
- Top choice for cash dividend investors: with the ability to pay over VND400bn from high retained earnings at end-1Q24, we believe PHR will continue to pay high cash dividend, about VND4,000/share, equivalent cash dividend yields of 6.5%.

Downside risk:

- Rubber price: rubber price has a correlation with oil price, leading to lower-than-expected rubber price if oil price trend reverses.
- Legal procedure: Prolonged legal process for new IP projects

Share price performance	1M	3M	12M
PHR	8.9%	7.1%	44.4%
VNINDEX	8.7%	3.9%	19.7%

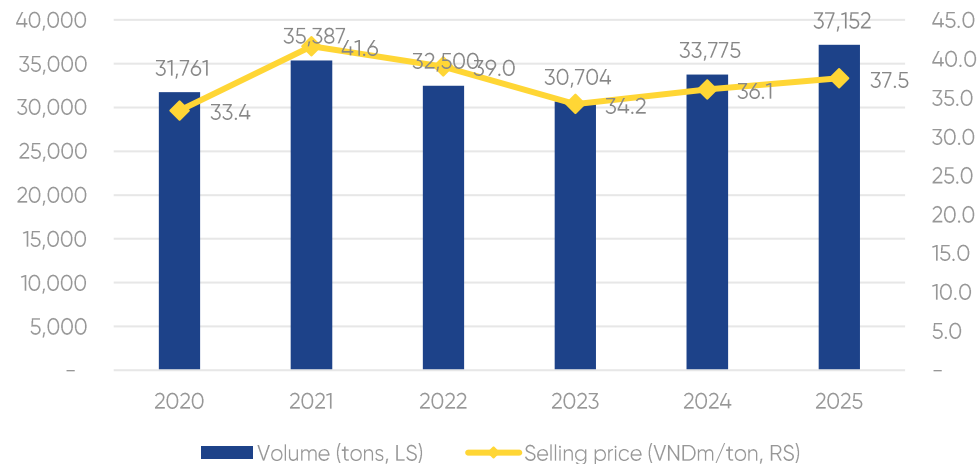


Current price (VND)	60,000
Target price (VND)	62,300
Vs Consensus	+18.7%
Upside	3.8%
Dividend yield	6.5%
Total stock return	10.1%
Bloomberg code	PHR VN Equity
Market Cap (VNDbn)	8,184
52Wk High/Low	64,500/41,560
Avail Foreign Room	49.0%
Current Foreign Ownership	17.4%

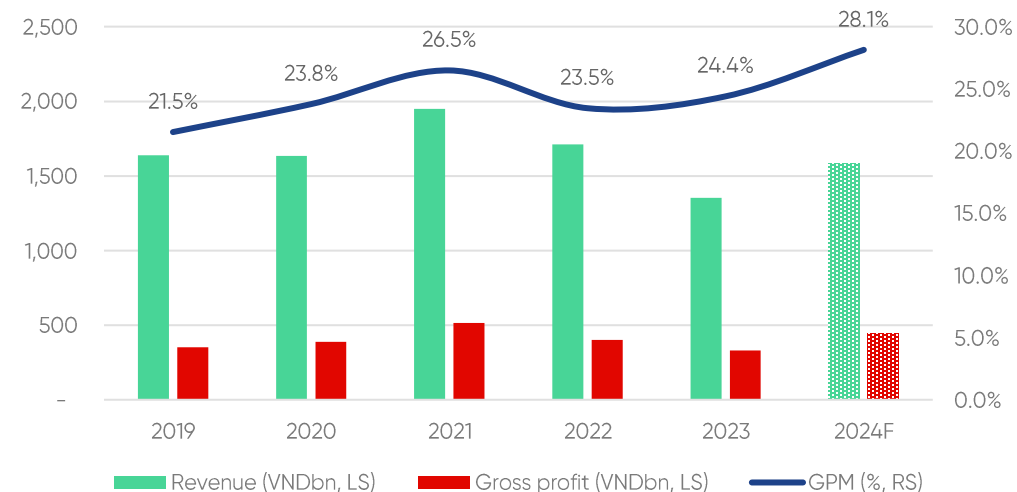
(VNDbn)	2022A	2023A	% yoy	2024F	% yoy
Revenue	1,712	1,354	-20.9%	1,585	17.1%
_Rubber, wood	1,436	1,086	-24.4%	1,256	11.5%
_Industrial property	240	212	-11.5%	277	30.5%
_Other	36	55	55.6%	52	254.6%
Gross profit	402	327	-18.6%	446	36.4%
SG&A expenses	157	134	-14.7%	149	11.5%
Other income	698	360	-48.5%	167	-53.7%
NPAT-MI	889	620	-30.3%	542	-12.5%
GPM	23.5%	24.2%		28.1%	
NPM	52.0%	45.8%		34.2%	
P/E (x)	7.2	10.7		13.3	
P/B (x)	1.9	1.7		2.1	
ROE	27.1%	17.2%		15.3%	
ROA	14.4%	10.0%		9.2%	

Phuoc Hoa Rubber JSC (HSX: PHR)

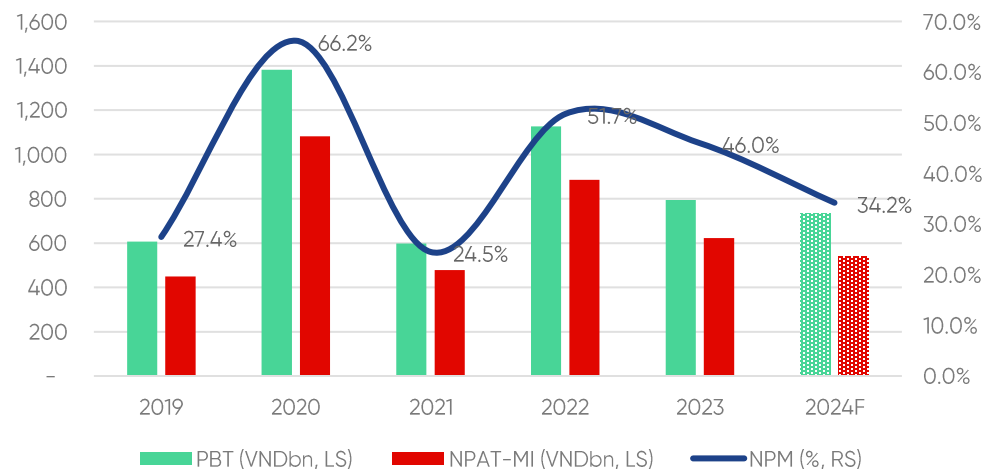
Selling volume and price of PHR' rubber



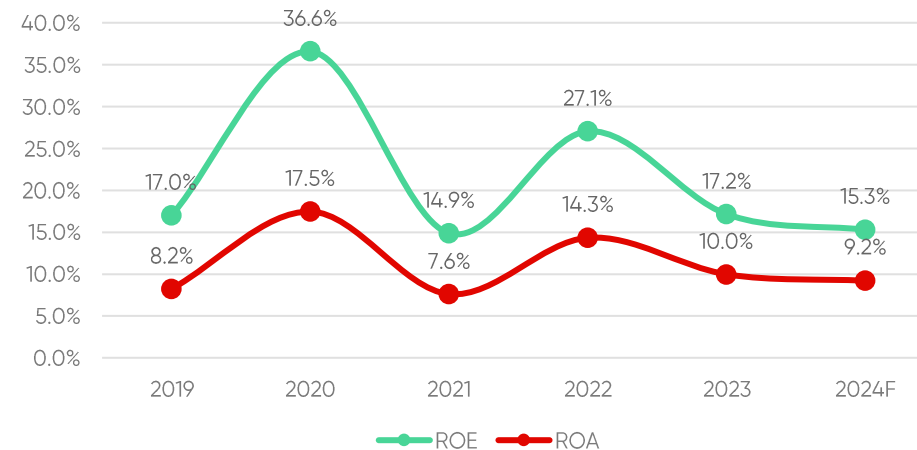
Revenue and GPM



NPAT-MI and NPM



ROE, ROA



Dong Phu Rubber JSC (HSX: DPR)

BUY – Target price: VND49,500 (+25.6%)

Investment thesis

Our BUY recommendation with TP of VND49,500, was underpinned by:

- Rubber business is expected to recovery from low base of 2023 thanks to (1) rubber price is expected to rebound trailing by high base of oil price in 2024 (88US\$/bbl), (2) rubber sales volume will increase in 2024 when China will increase rubber imports to meet tire production needs after car sales show signs of strong growth in 2023.
- IP business is expected to increase contribution from 2025. We believe two key IP projects of DPR: Bac Dong Phu expansion and Nam Dong Phu expansion will be put into operation in 2024-26 after the Decree 227/QD-TTg approved by Prime Minister, creating more room for expanding IP land bank in Binh Phuoc province, which is driving force to accelerate legal procedure of these DPR's IP projects.
- Stable dividend yield: DPR has a stable cash dividend payout. We believe that DPR will pay cash dividends at over 2,000 VND/share, which offers a dividend yield of over 4.9%.

Downside risk:

- Rubber price: rubber price has a correlation with oil price, leading to lower-than-expected rubber price if oil price trend reverses.
- Legal procedure: Prolonged legal process for new IP projects

Share price performance	1M	3M	12M
DPR	15.2%	18.3%	56.1%
VNINDEX	8.7%	3.9%	19.7%

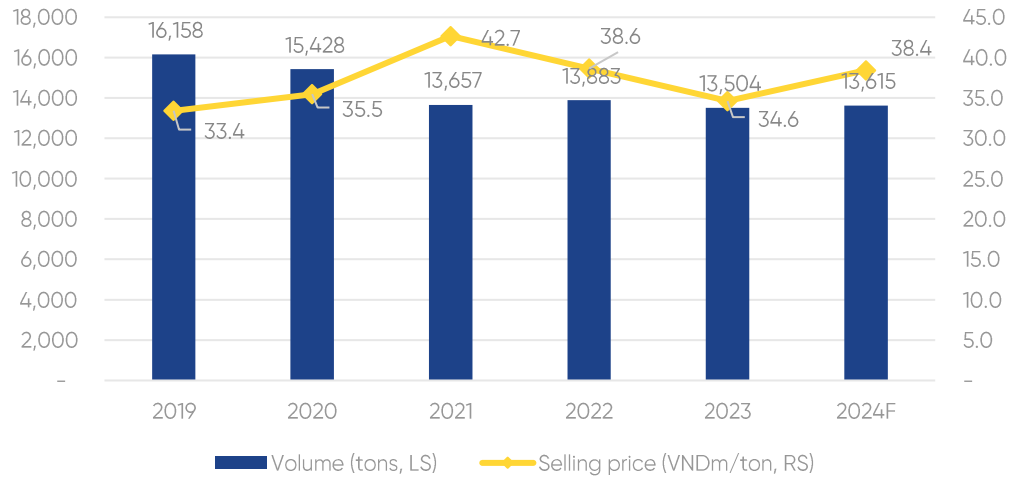


Current price (VND)	41,000
Target price (VND)	49,400
Vs Consensus	+2.6%
Upside	20.7%
Dividend yield	4.9%
Total stock return	25.6%
Bloomberg code	DPR VN Equity
Market Cap (VNDbn)	3,558
52Wk High/Low	43,950/26,260
Avail Foreign Room	49.0%
Current Foreign Ownership	4.4%

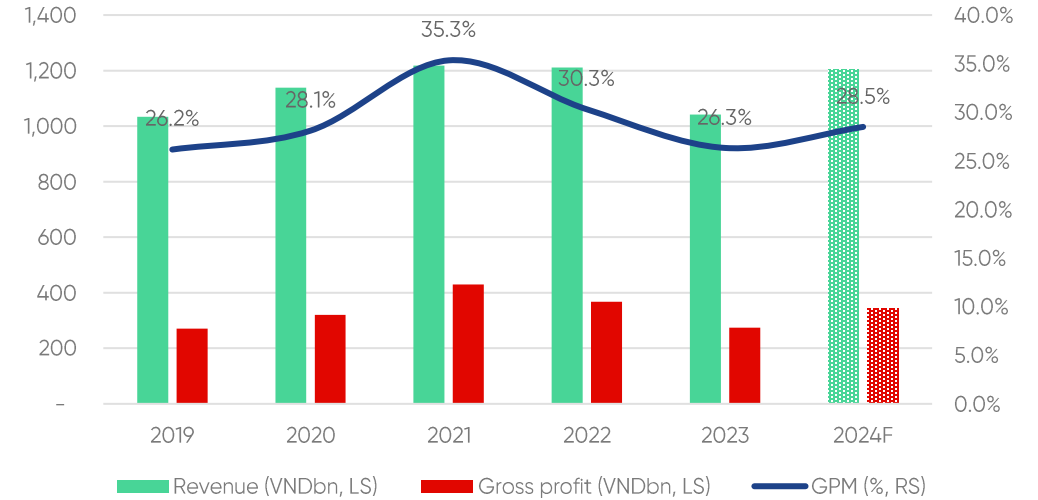
(VNDbn)	2022A	2023A	% yoy	2024F	% yoy
Revenue	1,212	1,042	-14.0%	1,204	15.6%
_Rubber	904	772	-14.6%	872	13.0%
_Industrial property	76	72	-5.5%	79	9.4%
_Wood	57	69	21.5%	72	4.2%
_Tree liquidation	14	87	502.8%	68	-22.1%
_Other	160	42	-74.0%	113	171.7%
Gross profit	368	274	-25.5%	343	25.2%
SG&A expenses	122	116	-4.9%	128	10.0%
Other income	39	31	-20.5%	70	125.8%
NPAT-MI	248	209	-15.7%	259	23.9%
GPM	30.4%	26.3%		28.5%	
NPM	20.5%	20.1%		21.5%	
P/E (x)	5.5	17.06		11.0	
P/B (x)	0.6	1.52		1.0	
ROE	11.0%	10.9%		9.0%	
ROA	6.1%	5.0%		6.4%	

Dong Phu Rubber JSC (HSX: DPR)

Selling volume and price of DPR' rubber



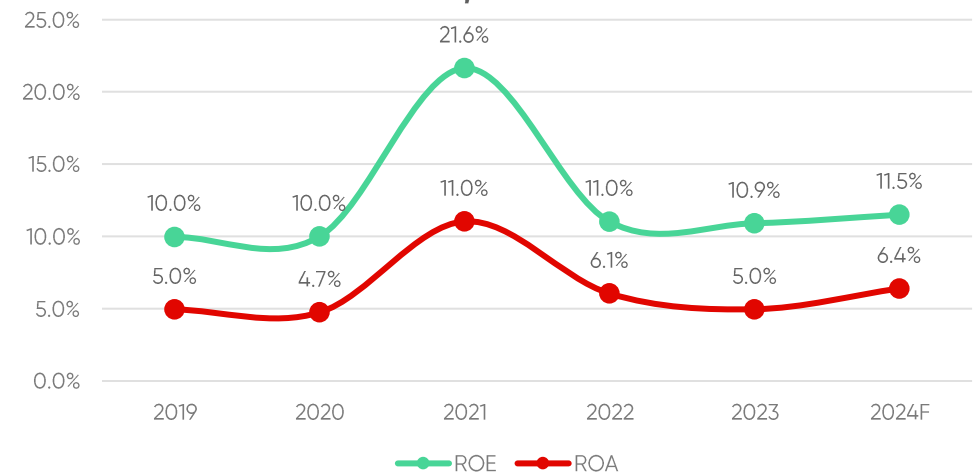
Revenue and GPM



NPAT-MI and NPM



ROE, ROA



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