

BECAMEX IDC (BCM)

ADD

INDUSTRIAL PROPERTY

Current Price	VND72,000
52Wk High/Low	VND74,500/VND50,400
Target Price	VND83,900
Previous TP	NM
TP vs Consensus	+1.8%
Upside	16.5%
Dividend Yield	1.4%
Total stock return	17.9%

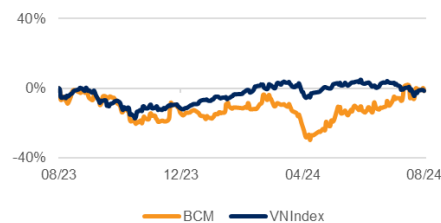
Growth rating	Positive
Value rating	Positive
ST Technical Analysis	Positive

Market Cap	USD2.9bn
3m Avg daily value	USD2.7mn
Avail Foreign Room	USD1.4bn
Outstanding Shares	1,035mn
Shares after issuance (F)	1,335mn

	BCM	Peers	VNI
P/E TTM	28.1x	17.3x	14.8x
P/B Current	3.9x	2.2x	1.7x
ROA	5.3%	4.8%	1.9%
ROE	15.3%	12.1%	12.3%

*as of 8/15/2024

Share Price performance



Share price (%)	1M	3M	12M
Ordinary share	6.9	23.3	6.6
Relative to index	9.1	26.0	7.0

Ownership

Binh Duong Province People's Committee	95.4%
Others	4.6%

Business Description

BCM is the largest listed IP company in southern Vietnam in terms of industrial land bank with seven IPs spanning nearly ~5,000ha, accounting for 41% of Binh Duong's total industrial land bank. BCM and its associates now own more than ~17,000ha of IP land bank in Vietnam, accounting for 19% of Vietnam's industrial land in operation.

Analyst(s):


Nga Nguyen

nga.nguyenthuy2@vndirect.com.vn

Taking a break to soar in 2025

- We initiate BCM with an ADD recommendation and a target price of VND83,900, resulting in 16.5% upside and a 1.4% dividend yield.
- Our target price incorporates the issuance of 300 million shares planned for 1H25.
- Our target price implies a FY25 P/B of 2.9x, which is higher than the peer median of 2.2 yet lower than its three-year average of 4.2.

Financial Highlights

- 6M24 revenue increased 4.5% YoY on 44.7% YoY growth of providing services and goods. 6M24 NP surged 188.4% YoY to VND499bn (USD20mn), thanks to 5x YoY jump in profit shared from associates/JVs.
- We forecast revenue and net profit to drop 41.4%/58.3% YoY in FY24 due to the absence of land transfer as in 2023. They will then bounce back in FY25 with YoY growth of 18.1%/50.2%, respectively.

Investment Thesis

Cay Truong IP launches amid limited supply in Binh Duong

Binh Duong is still the largest manufacturing hub in the country with the third-most cumulative registered FDI capital. Registered FDI to Binh Duong decreased in 2023 due to a lack of leasable IP land bank. We expect that when Cay Truong IP comes into operation in 3Q25, it will have a good absorption rate and become a revenue growth driver for the IP segment in FY25-26 with CAGR of 45.2% in FY24-26.

VSIP continuously expands IP land bank across the country...

In 2023 and 6M24, VSIP (BCM's joint venture) started construction on six IPs with a total leasable area of 1,404ha. We estimate VSIP will account for 8.2% of total IP land bank nationwide and continue to expand with a new leasable area of ~1,189ha in 2H24-2025. In addition, VSIP's new IPs will be developed according to the green IP model, which will capture recent trends and demand from FDI.

... boosting profits to contribute greatly to BCM's earnings results

We expect VSIP's net profit will slightly decrease 6.6% YoY in FY24, reaching VND1.4tn (USD57mn) due to lower GPM from the new IPs, then grow 24.9%/17.2% YoY in FY25-26, respectively, as more IPs begin land handovers. VSIP and other affiliates will contribute a total of VND1.2bn/1.7bn (USD49mn/68mn) in FY24-25, which is around 51.4%/56.1% of BCM's EBIT.

Share issuance plan will reduce pressure on debt maturity

BCM plans to issue 300 million shares, mobilizing a minimum of VND15tn (USD600mn) of charter capital. The company plans to spend over VND5tn (USD200mn) of the amount raised for debt repayment. At the end of 2Q24, BCM's total debt amounted to VND21tn (USD840mn) and bond maturity pressure will be high in FY26-28. We expect BCM to complete its capital increase plan in 2025, proving the company with cash to meet debt payments and to deploy projects. This issuance also helps increase BCM's free-float as the state ownership ratio is expected to decrease from 95% to 74%.

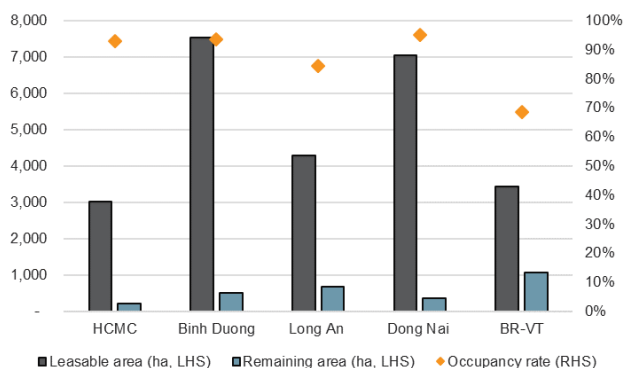
	2022A	2023A	2024E	2025F	2026F
Revenue growth	(6.0%)	20.1%	(41.4%)	18.1%	14.7%
EPS growth	17.2%	42.5%	(58.3%)	16.5%	16.5%
Gross margin	42.3%	53.9%	57.4%	55.3%	55.6%
Net profit growth	17.2%	42.5%	(58.3%)	50.2%	20.7%
P/E (x)	44.1	31.0	74.2	63.7	52.8
Rolling P/B (x)	5.0	3.5	4.0		
ROE	10.4%	13.7%	5.4%	5.5%	5.5%
Net D/E	83.4%	94.4%	100.9%	14.5%	21.1%

Source: VNDIRECT RESEARCH

IP sector outlook: Strong FDI paves the way for a promising future

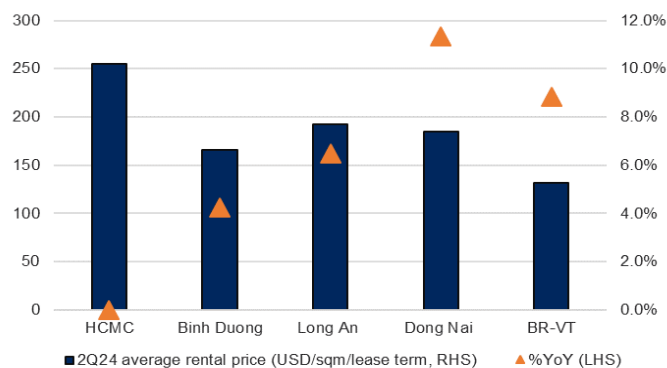
2Q24 performance of IP sector at a glance

Figure 1: Average occupancy rate in the Southern market remained at a high level of 89.0%



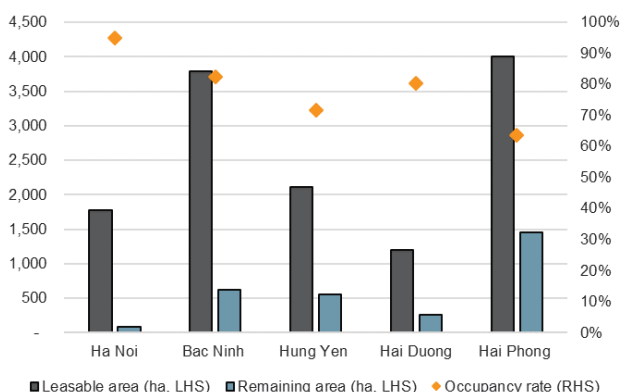
Source: Cushman & Wakefield, VNDIRECT RESEARCH

Figure 2: Dong Nai and BR-VT lead the growth in rental prices in the Southern market



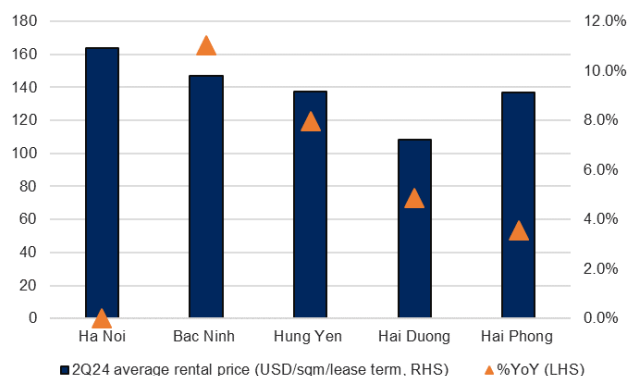
Source: Cushman & Wakefield, VNDIRECT RESEARCH

Figure 3: Average occupancy rate in the Northern market remained at a high level of 78.5%



Source: Cushman & Wakefield, VNDIRECT RESEARCH

Figure 4: Bac Ninh and Hung Yen lead rental price growth in the Southern market



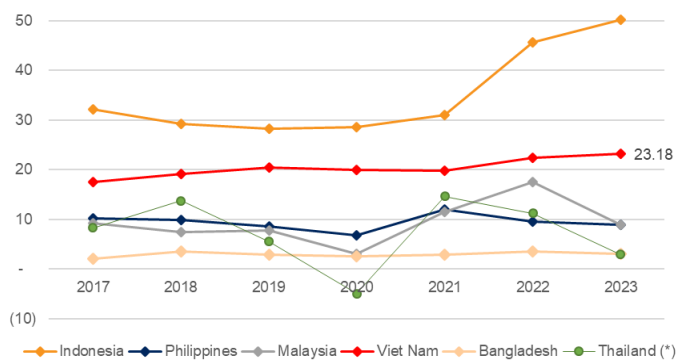
Source: Cushman & Wakefield, VNDIRECT RESEARCH

FDI secures outlook for IP sector

FDI flows into Vietnam remain solid

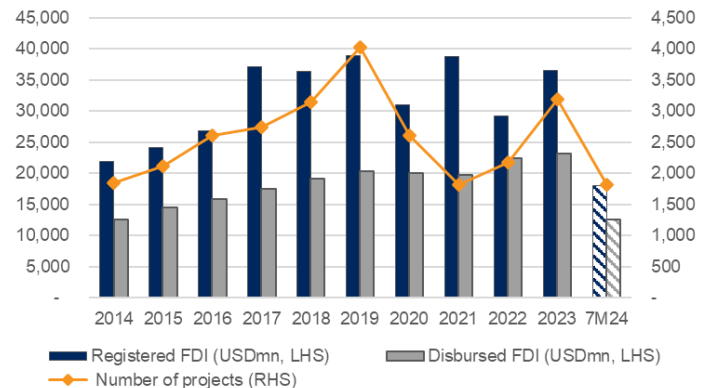
Despite the recent global supply chain restructuring and complex economic conditions, Vietnam remains a standout destination for FDI. In 2023, registered FDI capital reached over USD36.6bn (+25.0% YoY), with disbursed capital hitting a record USD23.2bn (+3.5%). In 7M24, registered capital surpassed USD18bn, up 10.9% YoY.

Figure 5: Vietnam maintains stable FDI inflows compared with peer countries (USDbn)



(*) Data may differ from each country's definition of FDI
Source: GSO, Statistic departments of each country

Figure 6: Registered FDI continued to show strong growth of 10.9% YoY in 7M24



Source: GSO, VNDIRECT RESEARCH

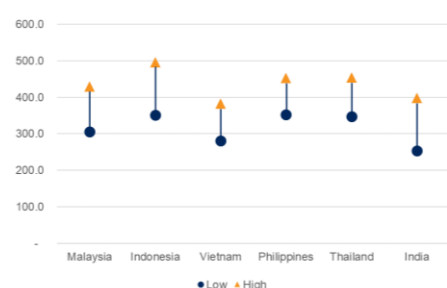
We expect Vietnam will continue to lure FDI

Along with other factors such as favorable geography, strong and stable economic growth, and deep integration into the global and regional economy, we believe that Vietnam will continue to be an FDI destination in the context of supply chain diversification taking place globally thanks to the following factors:

Competitive costs

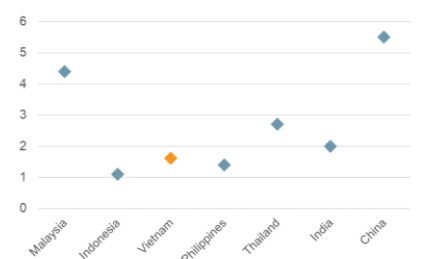
We believe that competitive production electricity prices and labor costs compared to other countries in the region will help Vietnam gain an advantage in attracting FDI in: 1) electricity-intensive manufacturing industries like chemicals and heavy industry; and 2) labor-intensive industries such as textiles and electronics assembly.

Figure 7: Vietnam is competitive in terms of construction cost (USD/sqm),...



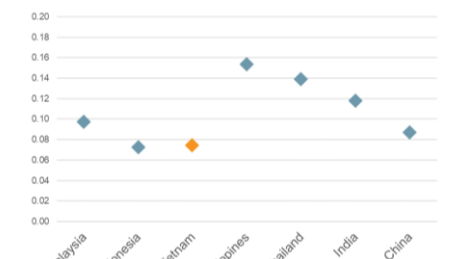
Source: JLL, World Bank

Figure 8: ...manufacturing wages (USD/hour)...



Source: JLL, World Bank

Figure 9: ...and electricity cost for business use (USD/kWh) compared to other countries in the region



Source: JLL, World Bank

Location near China to benefit from China plus 1 strategy

Given its proximity to China, the world's factory, Vietnam has been the biggest beneficiary of the China plus 1 strategy and supply chain diversification. Many technology giants have specific plans to move production from China to Vietnam, such as Apple, Qisda, and Pegatron. JPMorgan expects Apple to relocate 65% of AirPods, 20% of iPads, 20% of Apple Watches, and 5% of MacBook manufacturing to Vietnam by end-2025.

Figure 10: Electronics manufacturers are moving or planning to move from China to Vietnam

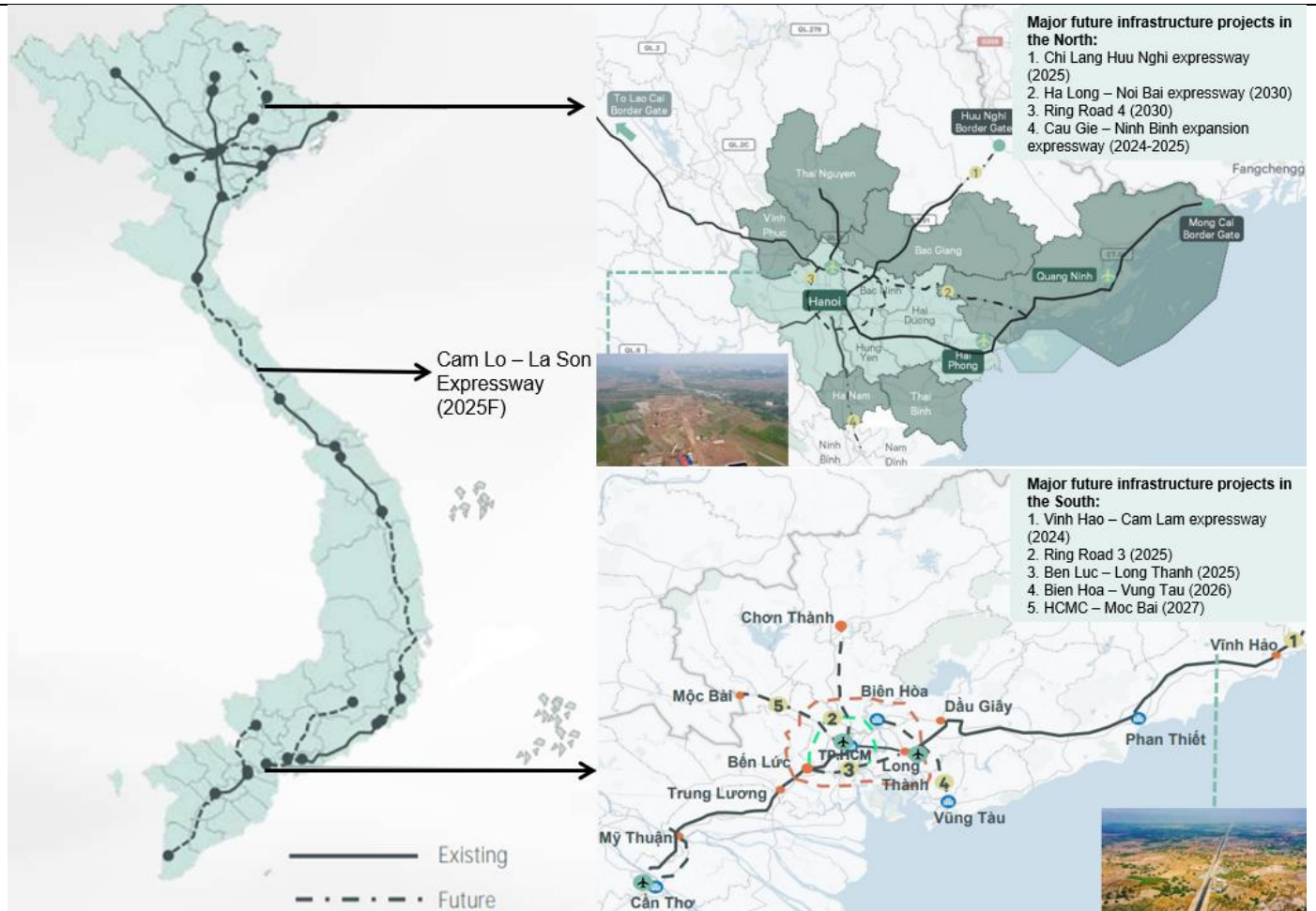
Company	Status	Products	Headquarter
Inventec	In Progress	Apple Parts Supplier	Taiwan
Wistron	In Progress	ODM Computer Parts	Taiwan
Pegatron	In Progress	Apple Parts Supplier	Taiwan
Apple	In Progress	AirPods	US
Qisda	In Progress	EMS Provider	Taiwan
Dell	Planning	Computers	US
Google	Planning	Smartphones	US
Microsoft	Planning	Computers	US
Lenovo	Planning	Computers	HongKong
Nintendo	Planning	Game Consoles	Japan

Source: VNDIRECT RESEARCH, Savills, KPMG

Improving infrastructure after dynamic public investment

Expressways in all three regions of the country are being simultaneously deployed, helping to increase regional connectivity and reduce the time and cost of transporting goods.

Figure 11: Expressway construction from North to South is being accelerated to help upgrade Vietnam's road transportation



Number of km of expressway completed by period

1,163 km in 16 years (2004 – 2019)	566 km in 3 years (2020 – 2022)	1,271 km in 3 years (2023 – 2025F)
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Source: VNDIRECT RESEARCH, CBRE

In addition, Long Thanh international airport (LTIA) is planned to be the largest airport in the country, with its location in the center of Southeast Asia making it a hub of the region and the world. We believe that LTIA coming into operation (phase 1 is expected to be put into operation in 2026) will help IPs in the surrounding area, especially Dong Nai, to attract strong investment.

Figure 12: Long Thanh international airport vs international airports in the region

	Long Thanh	Changi	Suvarnabhumi	Kuala Lumpur
Total area (ha)	5,000	1,500	3,280	10,000
Route number	4	2	2	3
Station number	5	4	2	2
	Design capacity: - 100mn passengers/year - 5mn tons of cargo/year	Output in 2019: - 73 mn passengers/year - 2.85mn tons of cargo/year	Output in 2019: - 63.2 mn passengers/year - 1.8mn tons of cargo/year	Output in 2019: - 58 mn passengers/year - 0.73mn tons of cargo/year

Source: VNDIRECT RESEARCH, ACV

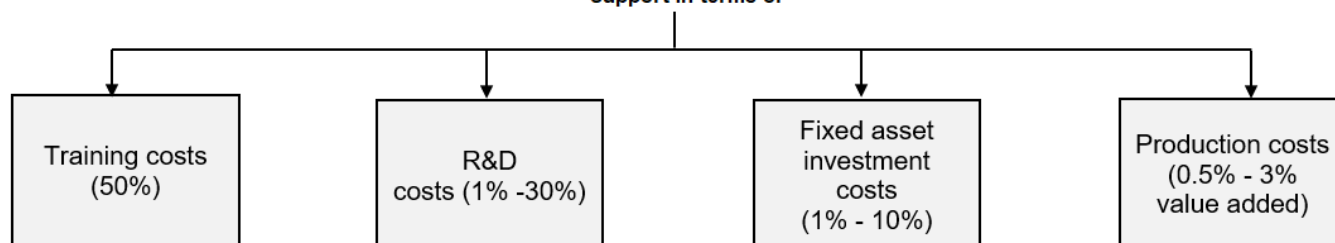
Favorable Government policies

The introduction of the global minimum tax (GMT) will render Vietnam's tax incentives ineffective for large-scale projects. Currently, the MPI is finalizing a draft decree to establish the Vietnam Fund for Investment Support, primarily funded by GMT, to assist high-tech projects with costs. We believe this fund will enhance Vietnam's investment environment by directly reducing investment costs for FDI enterprises.

Figure 13: Key content of the eighth draft decree on the establishment, management, and use of the Vietnam Fund for Investment Support

Support business that:	Conditions
(1) has high-tech product manufacturing project	(1) Project has investment capital of at least VND12tn or business has revenue of at least VND20tn/year
(2) is high-tech enterprise	(2) high-tech enterprises have to complete disbursement of at least VND12tn within five years or VND10tn within three years from the date of issuance, adjustment of Investment registration certificate or approval of investment policy
(3) has high-tech application projects	(3) In the case of a semiconductor or AI project, the minimum capital required is VND6tn or the minimum revenue is VND10tn/year.
(4) has research and development center project	(4) In the case of manufacturing exclusive high-tech products with world-leading technology, there is no size or revenue requirements
	Minimum investment capital is VND3tn

Support in terms of

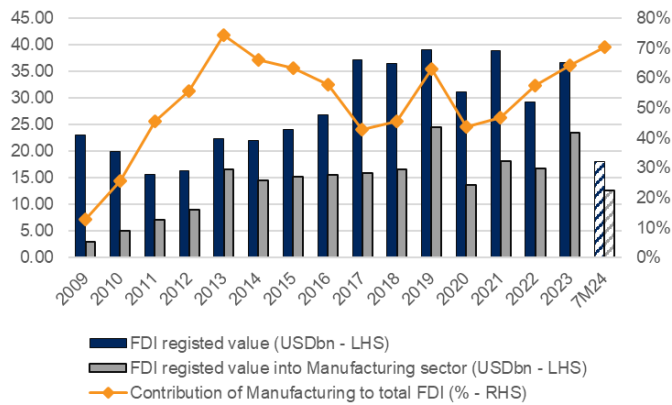


Source: VNDIRECT RESEARCH, MPI

FDI into manufacturing drives demand for IP sector

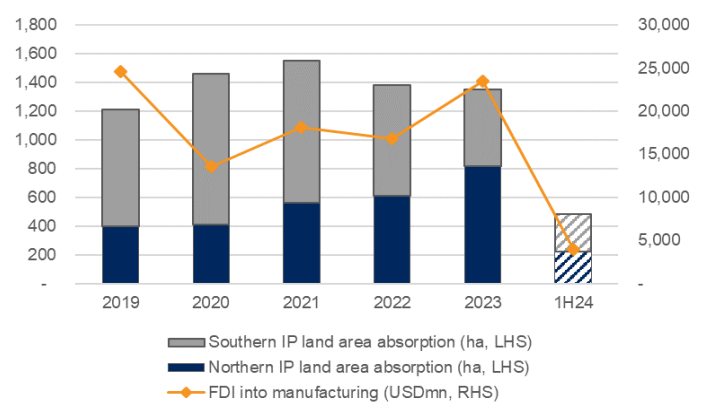
Vietnam FDI has predominantly focused on the manufacturing sector, which accounts for 60%-70% of investment. This trend drives demand for industrial property. In 2019-23, FDI into manufacturing grew, leading to a rapid increase of IP land area absorbed, which has maintained at a high level. We estimate that with an average registered FDI into manufacturing of USD19.3bn (2019-2023), demand for industrial land to build factories was around USD580mn to USD965mn each year.

Figure 14: FDI to manufacturing outpaced total FDI with a 14% CAGR over the last 10 years



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 15: Correlation between FDI to manufacturing and IP area absorption from 2019 to 2024



Source: COMPANY REPORTS, VNDIRECT RESEARCH

In 7M24, registered FDI into manufacturing increased 15.7% YoY to USD12.7bn with the presence of many global giant manufacturers such as Hyosung, Trina Solar, BOE, Gokin Solar and Electronic Tripod.

Figure 16: Key FDI projects in 7M24

Project name	Registered capital (USDmn)	Come from	IP name	IP developer	Province
BDO biofiber factory of Hyosung	730	Korea	Phu My II	IDC	Ba Ria - Vung Tau
Trina Solar's project to produce monocrystalline silicon panels and solar batteries	454	China	Yen Binh	Yen Binh Investment & Development Corp	Thai Nguyen
Foxconn's intelligent system project	287	Taiwan	Bac Tien Phong	Deep C	Quang Ninh
BOE Vietnam smart terminal factory	275	China	Phu My III	Thanh Binh Phu My JSC	Ba Ria - Vung Tau
Gokin Solar's solar panel project	275	Hong Kong	Texhong Hai Ha	Texhong Industrial Park Vietnam Co., Ltd.	Quang Ninh
Foxconn's smart entertainment products project	264	Taiwan	Song Khoai	Amata	Quang Ninh
Electronic Tripod Vietnam factory	250	Taiwan	Chau Duc	SZC	Ba Ria - Vung Tau

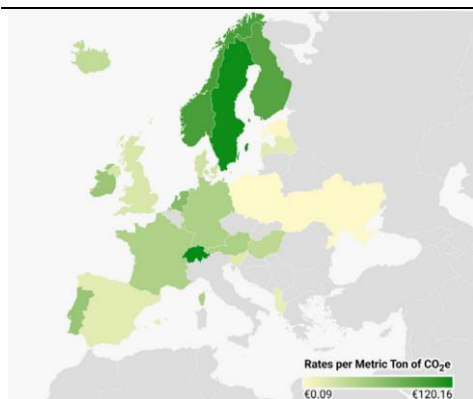
Source: VNDIRECT RESEARCH, COMPANY REPORTS

IP developers eye green trend to meet high-end investor demand

Multinationals prioritize green IPs for factories

We are seeing more global companies committing to or have strategies for sustainable development to meet customer, investor and regulatory demands. The European Union started applying carbon emissions costs to imported goods in 2023. This includes energy-intensive industries, resource-intensive industries, and those with significant pollution risks, such as cement, steel, aluminum, oil refineries, paper, glass, chemicals and fertilizers. And it is expected that more industries will be covered from now until 2030.

Figure 17: Carbon tax rates per ton of CO₂e of countries in the EU, as of April 1, 2024



Source: World Bank, JLL

Figure 18: The implementation of commitments toward green and sustainable development in the industrial manufacturing sector is taking place



Source: JLL, VNDIRECT RESEARCH

IP developers have started to transform to catch up on the trend

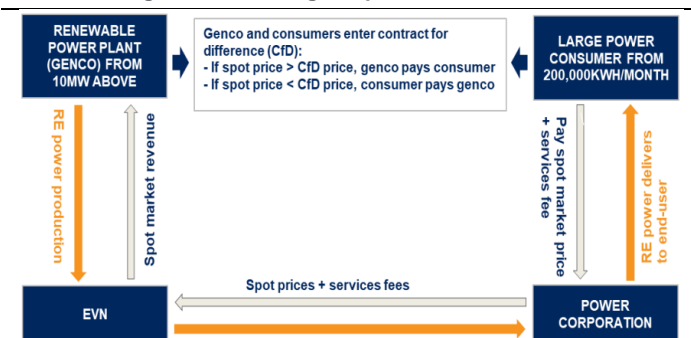
The commitments and obligations that multinational companies have to fulfill regarding sustainability are significant drivers pushing IP developers to develop sustainable projects to meet the demand of high-end customer groups.

We see some developers have been aiming to develop green, eco or sustainable IPs. Some developers have joined in a pilot program for eco-IP models, in collaboration with the MPI and the United Nations Industrial Development Organization (UNIDO), to support the transformation of existing IPs into this model. Among them, two prominent names, known for their specific focus on mitigating environmental impact, are Amata and DeepC, with two successfully converted IPs: Amata City Bien Hoa and Deep C Hai Phong. Although not included in this program, VSIP also successfully developed VSIP Binh Duong III phase 1 IP according to the smart and green IP model and the company is committed to developing new IPs according to this model.

MoiT's DPPA paves the way to energy transition of manufacturers in IPs

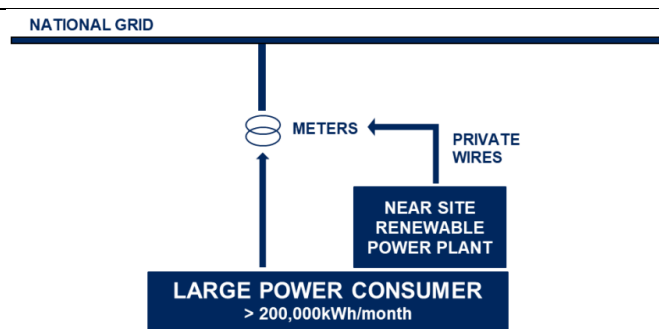
Although there is a series of challenges to solve to make the sale and purchase of renewable energy go smoothly, the approval of the direct power purchase agreements (DPPA) mechanism is a positive signal for manufacturers seeking energy transition solutions. This will support sustainable IP developers in attracting big manufacturers and in self-producing renewable energy for use (via the DPPA mechanism) within IPs.

Figure 19: A new decree introduces two DPPA options: through the national grid (on-grid/virtual/synthetic) or a private wire (off-grid). Below is a diagram for the on-grid option.



Source: USAID, VNDIRECT RESEARCH

Figure 20: DPPA off-grid diagram, which is open for all sizes of RE power plants



Source: USAID, VNDIRECT RESEARCH

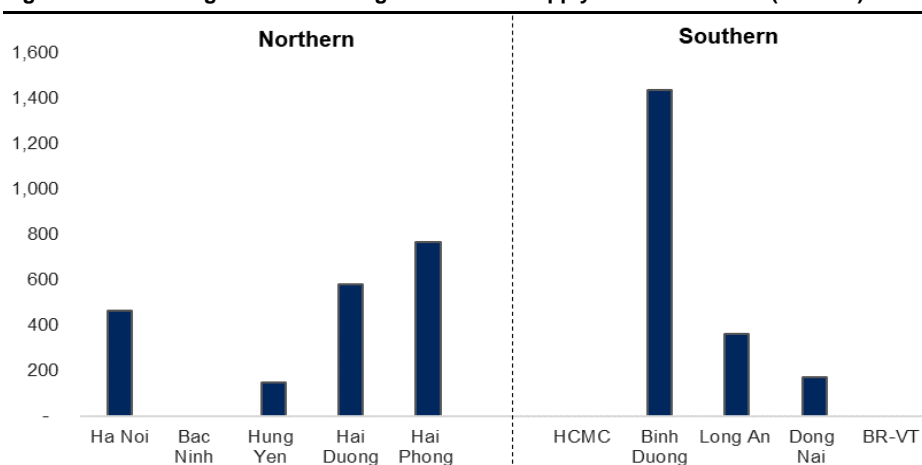
IP supply will gradually improve while rental prices still on the rise

Supply will gradually improve

Per JLL, the total remaining leasable IP area of key provinces in the North and South at end-2Q24 was 6,393ha. With an average absorption area of 1,392ha in 2019-23, the current land bank can meet rental demand for four to five years.

We expect the Northern market will continue to welcome abundant new supply of ~1,661ha in 2024-26, largely concentrated in Hai Phong with Tien Thanh IP and Trang Due 3 IP (KBC). Meanwhile, the Southern market will continue to have limited new supply in 2H24 and the situation will begin to improve from 2025 as the amended Land Law comes into effect, helping to speed up the process of compensation and site clearance. We expect new supply in the Southern market in 2024-26 will reach over 2,000ha, mostly from Binh Duong with projects such as Nam Tan Uyen expansion phase 2 IP (NTC), VSIP 3 phase 2 IP, Tan Lap 1 IP (PHR) and Cay Truong IP (BCM).

Figure 21: Hai Phong and Binh Duong will see new supply boom in 2024-26 (Unit: ha)

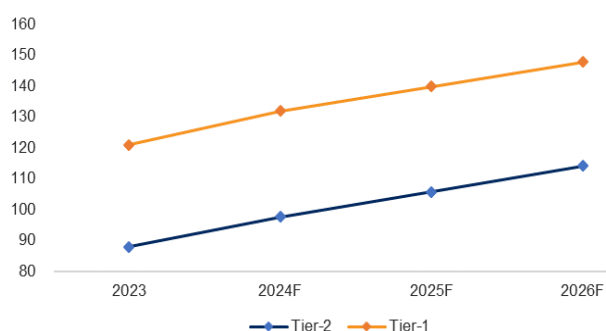


Source: VNDIRECT RESEARCH

Rental prices still on the rise

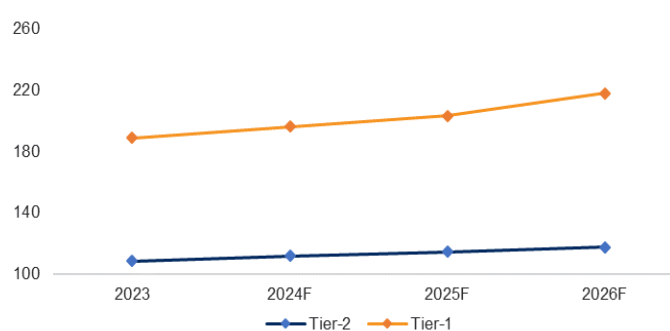
In 2024-26, we expect high demand from high-tech projects will boost rental prices in the North. At the same time, rental prices of IPs in the South will also grow positively thanks to limited new supply and improving infrastructure. CBRE forecasts rental prices will grow 5-8%/year in the North and 3-7%/year in the South during 2024-26.

Figure 22: CBRE forecasts rental prices will grow 5-8%/year in the North...



Source: CBRE, VNDIRECT RESEARCH

Figure 23: ...and 3-7%/year in the South during 2024-26



Source: CBRE, VNDIRECT RESEARCH

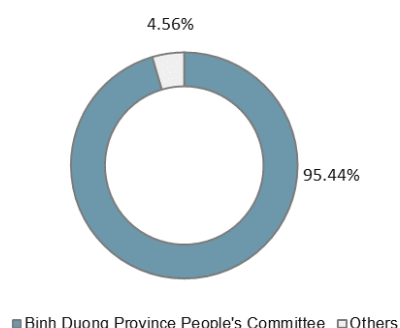
Company Profile: Big industrial park developer in Binh Duong

Major stake owned by Binh Duong Province People's Committee

Investment and Industrial Development Joint Stock Corporation (Becamex IDC) was established in 1976 as a State-owned company. Over the past 46 years, Becamex has expanded its operations through 23 subsidiaries and associates to a plethora of businesses including property, construction, construction materials, pharmaceuticals, healthcare, education, hotels, telecommunication, concrete production, mining, logistics and trading. However, industrial parks and residential housing development are still core businesses of the company.

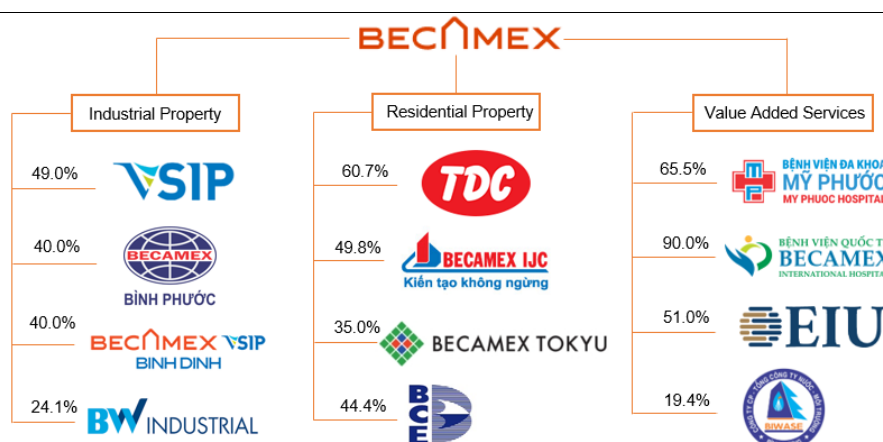
BCM has strong relationships with the central and local governments and is able to assist investors in the legal and administrative procedures for starting their business in Binh Duong.

Figure 24: Binh Duong Province People's Committee holds the majority of shares of BCM



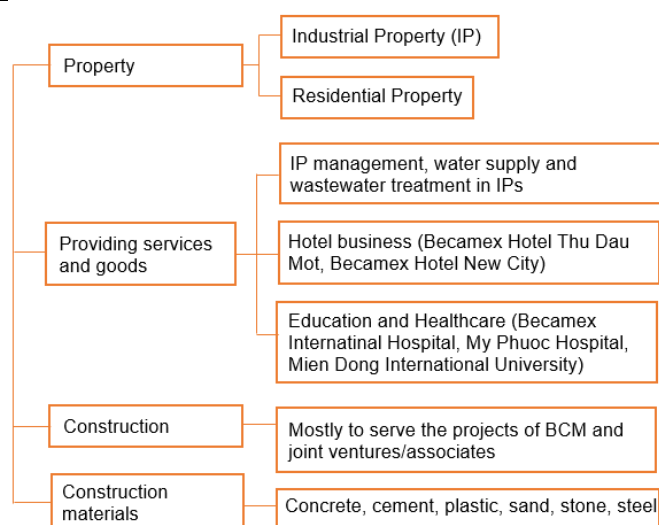
Source: COMPANY REPORTS

Figure 25: BCM's organizational structure



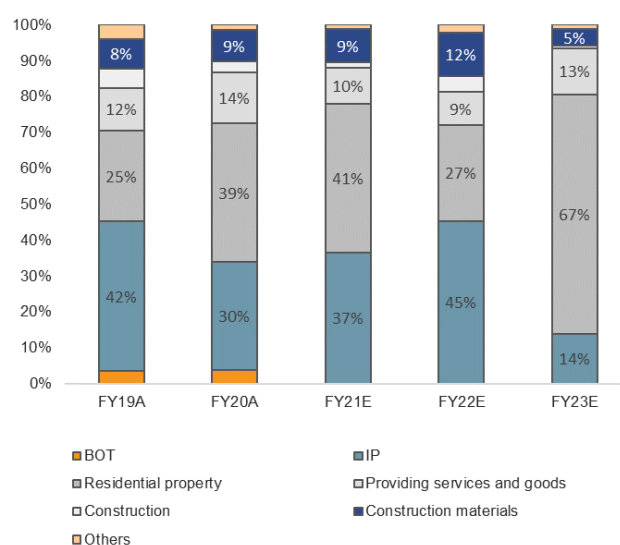
Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 26: BCM's main business segments



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 27: Property, including industrial property and residential property, is the core business of BCM



Source: COMPANY REPORTS, VNDIRECT RESEARCH

BCM owns the largest IP land bank in Binh Duong

With six current IPs with a total area of over 4,000ha, BCM is the largest IP developer in Binh Duong with 33% of the provincial market share and is the third largest in Vietnam with 4.3% of the national market share in terms of total IP area. By the end of 2023, BCM had 358ha of remaining leasable area, accounting for nearly 70% of Binh Duong's supply.

Figure 28: Location of BCM's IPs in Binh Duong

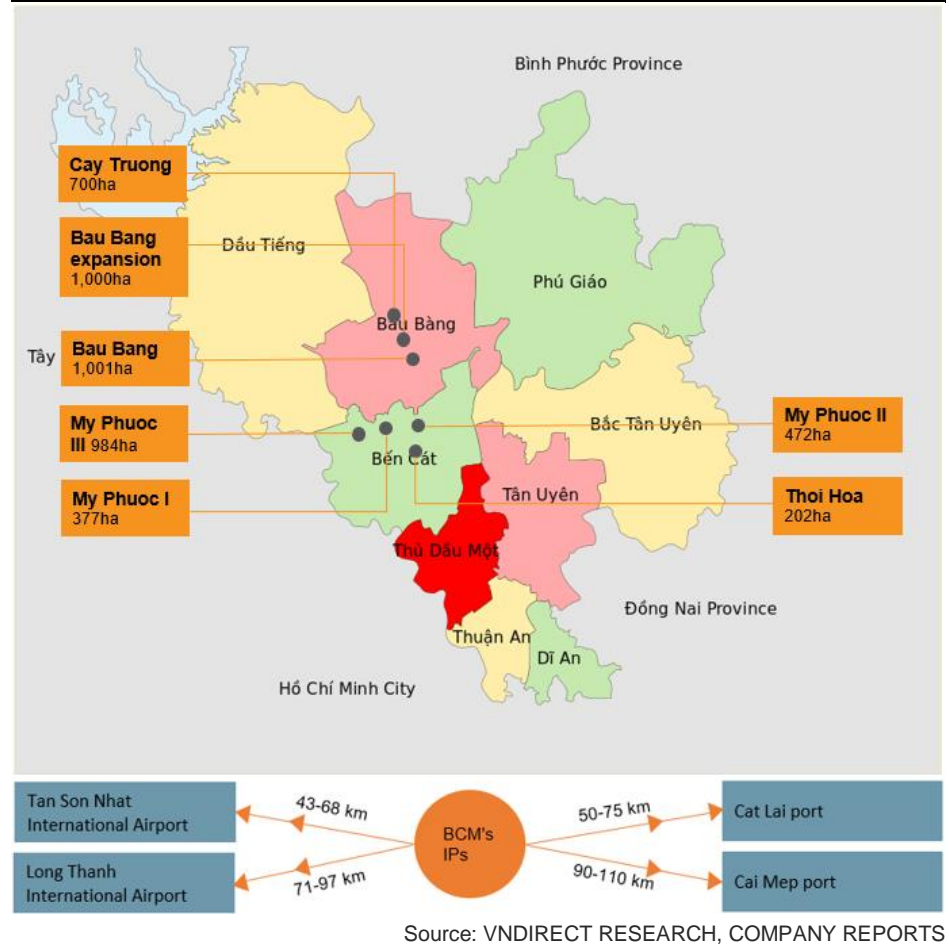


Figure 29: List of IPs in BCM's pipeline as of end-2Q24

IP name	BCM's ownership	Total land area (ha)	Leasable area (ha)	Remaining leasable area (ha)	Occupancy rate	Total investment (VNDbn)	Rental price (USD/sqm/lease term)	Land use term
Ongoing IPs								
My Phuoc 1	100%	377	274	33	88%	451	135 - 140	2002 - 2051
My Phuoc 2	100%	472	344	12	96%	746	135 - 140	2005 - 2054
My Phuoc 3	100%	984	671	51	92%	2,864	140 - 150	2008 - 2057
Bau Bang	100%	1,001	735	49	93%	3,334	145 - 150	2007 - 2057
Bau Bang expansion	100%	1,000	755	189	75%	5,762	140 - 145	2016 - 2066
Thoi Hoa	100%	202	153	23	85%	666	135 - 140	2009 - 2059
Upcoming IP								
Cay Truong	100%	700	490			5,459	BCM is completing 1/500 plan	

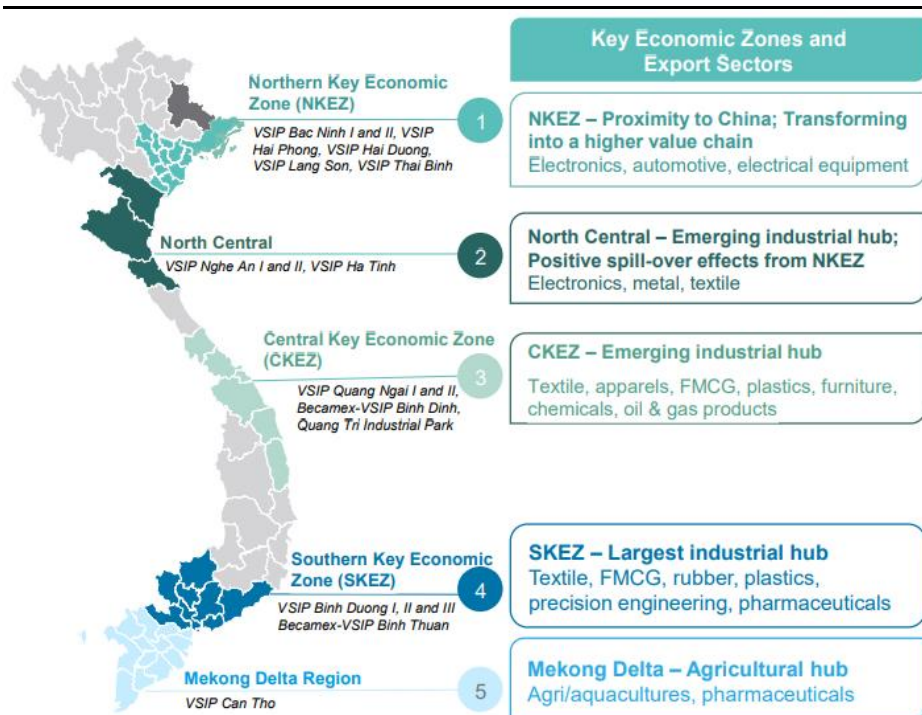
Source: VNDIRECT RESEARCH, COMPANY REPORTS

VSIP - a joint venture that owns huge IP portfolio across the country

Vietnam Singapore Industrial Park JV Co. Ltd (VSIP), established in 1996 as a symbol of the close ties between Vietnam and Singapore, is a 49%-51% joint venture between BCM and SembCorp (Singapore-based leading renewable

energy provider and industrial park developer). VSIP has a total IP and urban land bank of more than 10,200ha nationwide, of which the area of IPs is more than 7,500ha.

Figure 30: VSIP currently has 15 IPs with a total IP land bank of 7,555ha, accounting for 8.2% of total IP land area operating nationwide at end-2Q24



Source: VNDIRECT Research, Sembcorp

Figure 31: List of industrial parks in VSIP's pipeline as of end-2Q24

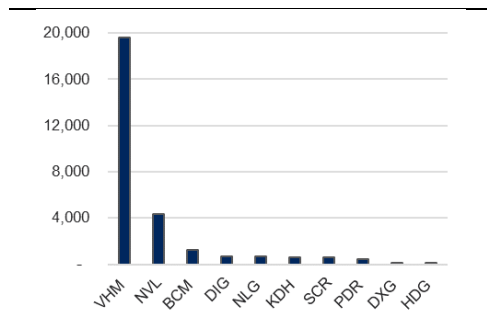
IP name	VSIP's ownership	Total land area (ha)	Leasable area (ha)	Occupancy rate	Total investment (VNDbn)	Rental price (USD/sqm/lease term)	Land use term
Ongoing IPs							
VSIP Binh Duong I	100%	500	350	100%		N/A	1996 - 2046
VSIP Binh Duong II	100%	1,345	867	100%		N/A	2006 - 2055
VSIP Bac Ninh	100%	485	335	100%		N/A	2007 - 2056
VSIP Hai Phong	100%	508	367	82%		135 - 150	2008 - 2057
VSIP Quang Ngai	100%	660	460	100%		N/A	2013 - 2062
VSIP Hai Duong	100%	150	110	100%		N/A	2015 - 2065
VSIP Nghe An	100%	374	251	96%		75 - 80	2015 - 2064
Becamex VSIP Binh Dinh	30%	1,000	654	11%		50 - 55	Start construction since 2020
VSIP Binh Duong III phase 1	100%	196	128	69%		155 - 160	Start construction since 2022
VSIP Can Tho	100%	294	208	0%	3,717	85 - 90	Start construction since 2023
VSIP Bac Ninh II	100%	273	189	0%		175 - 180	Start construction since 2023
VSIP Nghe An II	100%	500	353	2%	3,827	70 - 75	Start construction since 2023
Quang Tri	N/A	481	349	0%	2,074	60 - 70	Start construction since 2023
VSIP Lang Son	100%	600	428	0%	6,361		Start construction since June 2024
VSIP Ha Tinh phase 1	100%	190	122	0%	1,556		Start construction since June 2024
Upcoming IPs							
VSIP Thai Binh	100%	333	278		4,932		Has been approved for investment policy, expected to start construction in October 2024
VSIP Quang Ngai II	100%	498			3,737		Has been approved for investment policy, expected to start construction in October 2025
VSIP Binh Duong III phase 2	100%	804					1/2000 plan approved
Becamex VSIP Binh Thuan	N/A	N/A					

Source: VNDIRECT RESEARCH, VSIP

BCM also owns large residential and commercial land bank in Binh Duong

In addition to the IP land bank, BCM owns ~3,200ha of residential and commercial land in Binh Duong, of which the remaining residential and commercial area is over 1,200ha. BCM provides a variety of products from affordable to mid-range, including social housing, property land, apartments, shophouses, townhouses, and villas for residents, workers and experts. Residential areas, resettlement areas and social housing have good absorption rates thanks to affordable prices and sustainable demand from workers and residents.

Figure 32: BCM's residential and commercial land bank compared to top property developers



Source: COMPANIES REPORTS

Figure 33: BCM's residential and commercial land bank at the end of 2023

Project name	Total land area (ha)	Saleable area (ha, estimated)	Remaining saleable area (ha)	Investment (VNDbn)
Residential area				
My Phuoc resettlement - residential area	943	519	297	2,235
Thoi Hoa resettlement - residential area	350	193		1,799
Bau Bang resettlement - residential area	668	367	452	2,586
VietSing resettlement - residential area	117	64	14	694
Binh Duong New City	1,000	550	459	32,000
Becamex City Center	6	3		3,000

Source: VNDIRECT RESEARCH, COMPANY REPORTS

In recent years, UDJ, TDC (two subsidiaries of BCM focusing on residential property development), and BCM have not had any new residential property projects. Meanwhile, the old projects are currently awaiting inventory handover and most have temporarily halted implementation. In the upcoming period, BCM plans to develop 20,000 social housing (SH) units in Binh Duong. The company plans to start construction on 4,200 SH units in 3Q4 and complete documents for another 6,800 SH units to begin construction at the end of 4Q24.

Figure 34: BCM's commercial property projects and recent residential property projects of its subsidiaries

Project name	Developer	Total land (sqm)	Scale	Investment (VNDbn)	Product	Status
Green Pearl	UDJ	9,175	78 units	400	Shophouse	20 units in stock, UDJ developed but still recorded as BCM asset, not transferred to UDJ yet The surrounding infrastructure has been completed, but the house has not been built yet. UDJ has transferred this part to BCM and it is currently on hold
Lakeview	UDJ	63,633	91 units	1,000	Villa	
Bau Bang workers housing	UDJ	62,968	198 blocks		Housing	Seven blocks of houses in stock at the end of 2023
_Lot A 52			58 blocks			100% have pink book and handover
_Lot A 53			42 blocks			100% have pink book and handover
_Lot A 51			56 blocks			Waiting for the second pink book issuance
_Lot A 50			42 blocks			
TDC Plaza	TDC	21,695	1,360 units	1,520	Apartment	The project includes five blocks - A, B, C, D, E - of which, 204 units in Block E have been sold (total 291 units). The remaining four blocks have not been implemented yet TDC plans to open for sale 65 units in 2024, earning VND344bn (USD14mn)
Unitown	TDC	56,000	350 units	1,600	Apartment	TDC is completing the remaining 40 apartments (lots D13, D12, E1) to open for sale in 2024
TDC Hoa Loi Residential Area	TDC	489,749		2,148	Apartment	
Becamex Tower	BCM	3,225	25 floors	500	Office, shopping center	In operation
WTC Tower	BCM	24,494	30 floors	N/A	Office, shopping center	In operation

Source: VNDIRECT RESEARCH, COMPANIES REPORTS

Results recap: Net profit is on recovery track

Figure 35: BCM's business results in recent years

	Actual Results			% YoY			Comments
	2021	2022	2023	2021	2022	2023	
Net Revenue	6,982	6,565	7,883	7.3%	-6.0%	20.1%	
_Property	5,544	4,739	6,582	22.7%	-14.5%	38.9%	Property revenue decreased in 2022 due the difficult property market, although BCM recorded VND1.25tn (USD50mn) from the transfer of the Uni Galaxy project to Gamuda. Revenue in 2023 increased sharply due to recording over VND5tn (USD200mn) from the transfer of 18.9ha of land to CapitalLand
_Providing services and goods	729	617	1,064	-26.1%	-15.4%	72.5%	Revenue decreased in 2021-22 due to the production activities of factories and hotel business affected by Covid-19
_Construction	106	284	54	-49.9%	168.7%	-80.9%	Construction and construction material revenue dropped in 2023 due to the difficult property market. BCM's residential property projects were mostly on hold
_Construction materials	652	791	372	6.1%	21.4%	-53.0%	
_Others	87	151	102	-16.8%	73.8%	-32.3%	
Gross profit	3,223	2,774	4,248	-1.2%	-13.9%	53.1%	
SG&A expenses	1,221	1,298	1,465	-9.7%	6.3%	12.9%	
Net financial income	(761)	(806)	(775)	34.3%	5.9%	-3.8%	Financial expense (mainly interest expenses) was high due to the company borrowing heavily to invest in projects
Income from associates/JVs	1,022	1,143	798	-17.6%	11.9%	-30.2%	
_VSIP	779	995	747	31.1%	27.7%	-24.8%	Profit in 2022 rose sharply thanks to the contribution of the residential property segment as the residential/commercial land area handed over in 2022 reached 34ha, 34x higher than in 2021 and 3.4x higher than in 2023
_BW Industrial	(210)	(243)	(299)	-238.8%	N/A	N/A	We believe that profit from BW industrial has been negative for the past three years because the company was borrowing to focus on expanding its land fund
_JJC	309	254	196	N/A	-17.7%	-22.7%	JJC from a subsidiary became an associate of BCM since 2021. Profit growth has been negative in recent years due to difficulties in the property market
Profit before tax	1,791	1,952	2,697	-31.1%	9.0%	38.2%	
Net profit	1,451	1,700	2,423	-30.8%	17.2%	42.5%	
GPM	46.2%	42.3%	53.9%				Profit margin expanded widely in 2023 thanks to a higher proportion of the property segment
NPM	20.8%	25.9%	30.7%				

Source: VNDIRECT RESEARCH, COMPANY REPORTS

1H24 earnings results: Net income from associates/JVs boost NP

Figure 36: 6M24 earnings result

VNDbn	2Q24	2Q23	%YoY	6M24	6M23	% YoY
Revenue	1,165	1,292	-9.9%	1,977	1,891	4.5%
_ Property	721	888	-18.7%	1,171	1,150	1.8%
_ Providing services and merchandises	299	284	5.2%	556	384	44.7%
_ Sales of finished goods	89	89	0.1%	178	284	-37.2%
_Others	55	31	78.2%	71	73	-2.4%
Gross profit	700	727	-3.8%	1,274	998	27.6%
SG&A expenses	548	377	45.6%	897	616	45.7%
Net financial income	(240)	(259)	N/A	(402)	(398)	N/A
Profit from JVs/associates	455	90	405.2%	515	214	140.8%
PBT	366	86	326.9%	494	100	394.9%
NPAT-MI	381	139	174.6%	499	173	188.4%
GPM	60.1%	56.3%	+3.8% pts	64.4%	52.8%	+11.7% pts
NPM	32.7%	10.7%	+22.0% pts	25.2%	9.1%	+16.1% pts

Source: VNDIRECT RESEARCH, COMPANY REPORT

Revenue improved as providing services and goods on recovery track

6M24 revenue increased 4.5% YoY to ~VND2.0tn (USD79mn) due to a sharp increase of the providing services and merchandise segment (+44.7% YoY) as manufacturing activities in IPs and hotel business recovered. Meanwhile, construction materials revenue dropped 37.2% YoY.

Financial expenses continue to weigh on EBIT

Interest expense in 6M24 increased 17.0% YoY to VND538bn (USD22mn), accounting for 52.2% EBIT. At the end of 2Q24, BCM's total debt was VND21.3tn (USD842mn), up 7.9% YTD and up 33.1% YoY.

Income from associates/JVs boosts net profit growth

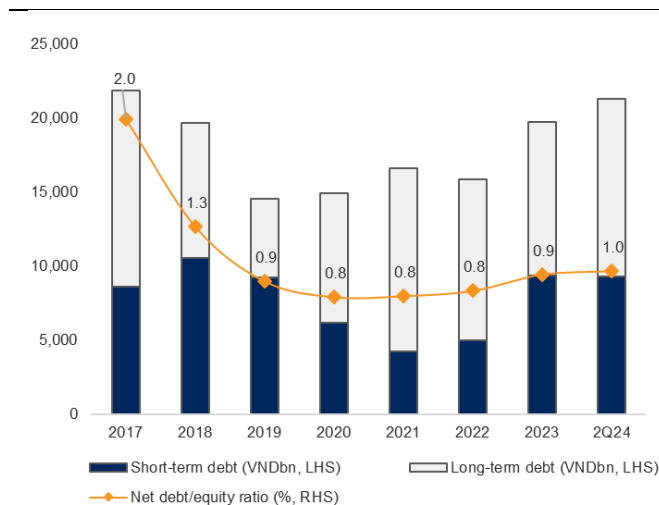
6M24 net income from joint ventures and associates surged 140.8% YoY to VND515bn (USD21mn), largely thanks to the contribution of VSIP (VND453bn/USD18mn). In 6M24, IP land sales of VSIP reached 63ha, nearly 3x higher vs 6M23. We believe that this result is largely due to VSIP recording revenue from handing over IP land with MOUs signed in 2023 at VSIP Hai Phong IP and VSIP Nghe An I IP. As a result, 6M24 NP soared 188.4% YoY to VND499bn (USD20mn).

Financial analysis

High financial leverage erodes profit

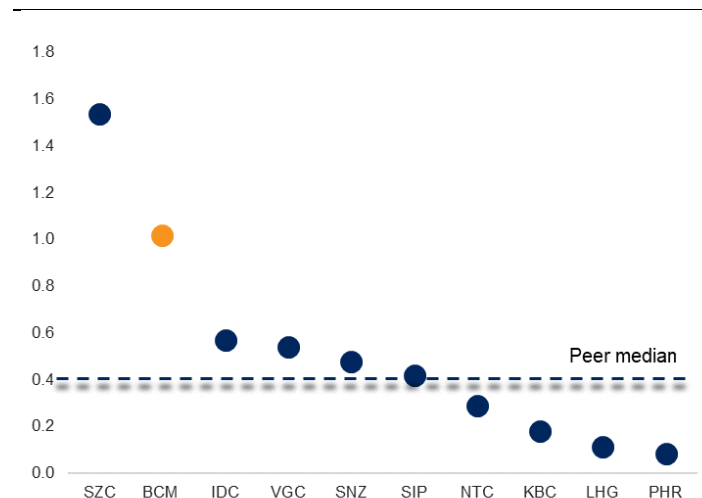
Because BCM often implements multiple projects at the same time, the company has huge capital needs. **BCM's net D/E ratio has improved since 2019 as the company does not directly implement new.** However, BCM's financial leverage is still high compared to sector peers (D/E reached 1.0 at end-2Q24 compared to the peer median of 0.4). The company's planned capital raising (discussed below) will help to alleviate this situation somewhat.

Figure 37: BCM's net debt-to-equity ratio has decreased significantly compared to the pre-2019 period, yet still remains at a high level



Source: COMPANY REPORTS, VNDIRECT RESEARCH

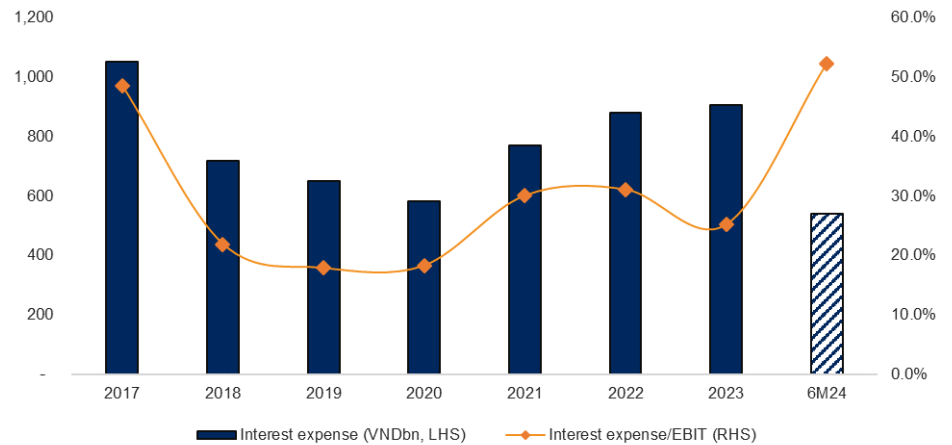
Figure 38: BCM's D/E ratio compared to peers



Source: BLOOMBERG, VNDIRECT RESEARCH

High and rising debt has significantly eroded profits, as shown by interest expense accounting for 25%-30% of EBIT in the last three years, and this increased sharply to 52% in 6M24.

Figure 39: Interest expense is increasingly eroding profits



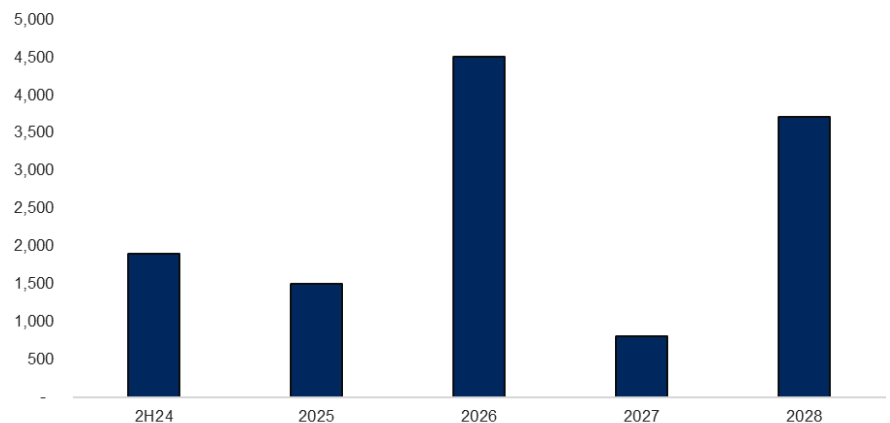
Source: COMPANY REPORTS, VNDIRECT RESEARCH

Expansion plan puts more pressure on BCM's capital structure

In addition, we see that bond maturity pressure will be very high in 2026 and 2028 with total maturing bond debt of VND4.5/3.7tn (USD180/148mn, we calculate based on data as of end-2Q24), respectively.

Meanwhile, in the short term (2H24-2025), BCM plans to implement the Cay Truong IP project with an investment of VND5.5tn (USD218mn) and 11,000 units of SH with investment of about more than VND5.0tn (USD200mn). To have enough capital to invest in these projects, we believe that BCM needs to continue to increase debt.

Figure 40: Rising corporate bond maturities over FY26-28 (Unit: VNDbn)



Source: COMPANY REPORTS, VNDIRECT RESEARCH

FY24-25 Outlook: Taking a break to soar in 2025

Figure 41: FY24-25 earnings forecast

VNDbn	Actual	Forecast			% YoY			Comment
	2023	2024	2025	2026	2024	2025	2026	
Net Revenue	7,883	4,616	5,450	6,253	-41.4%	18.1%	14.7%	
_Property	6,582	2,928	3,579	4,425	-55.5%	22.3%	23.6%	We expect property revenue to decrease in 2024 due to the lack of land transfer, as happened in 2023. Property revenue will grow positively in FY25-26 thanks to Cay Truong IP coming into operation from 3Q25 and handing over social housing
_Providing services and goods	1,064	1,118	1,162	1,215	5.0%	4.0%	4.5%	
_Construction	54	84	88	92	54.3%	5.0%	5.0%	We expect that the construction market will recover according to the recovery of the property market
_Construction materials	372	394	519	428	6.0%	31.7%	-17.5%	
_Others	102	113	122	112	10.9%	7.8%	-7.9%	
Gross profit	4,248	2,651	3,017	3,475	-37.6%	13.8%	15.2%	
SG&A expenses	1,465	1,655	1,821	1,977	13.0%	10.0%	8.6%	
Net financial income	(775)	(901)	(975)	(1,091)	N/A	N/A	N/A	
Income from associates/JVs	798	1,220	1,696	1,887	52.8%	39.0%	11.2%	
_VSIP	747	698	872	1,022	-6.6%	24.9%	17.2%	New IPs coming into operation boost profits in FY25-26
_BW Industrial	(299)	69	169	263	N/A	145.8%	55.5%	Gradually profitable from 2024 thanks to increased demand for ready build factory/warehouse
_IJC	196	307	448	301	56.5%	45.8%	-32.9%	Recovering along with the recovery of the property market
Profit before tax	2,697	1,285	1,887	2,263	-52.4%	46.9%	19.9%	
Net profit	2,423	1,012	1,520	1,834	-58.3%	50.2%	20.7%	
GPM	53.9%	57.4%	55.3%	55.6%				
NPM	30.7%	21.9%	27.9%	29.3%				

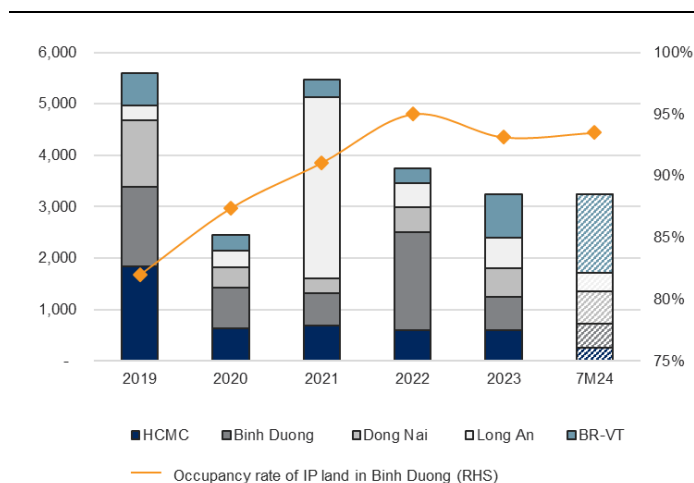
Source: VNDIRECT RESEARCH, COMPANY REPORTS

Cay Truong project will be main driver for IP revenue

Binh Duong is still the largest manufacturing hub in the country

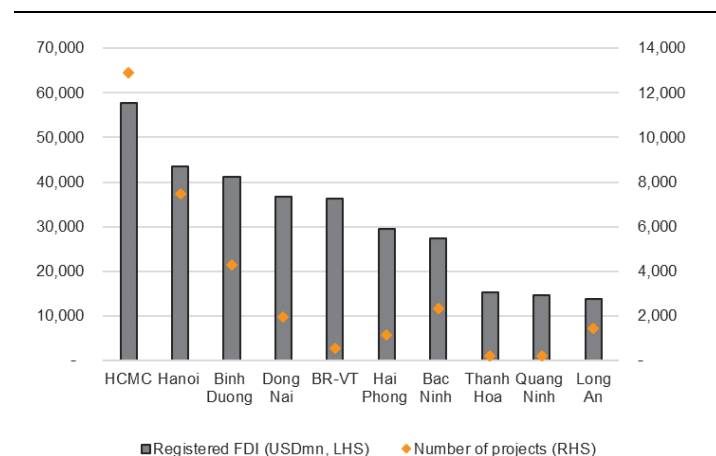
From 1988 to July 2024, registered FDI in Binh Duong reached USD41.5bn, ranking third in the country, behind only the two major cities of Hanoi and HCMC, which attract significant FDI in real estate and finance alongside manufacturing. We believe that FDI into Binh Duong in 2023 decreased due to the high occupancy rate of IPs there, which exceeded 93% at end-2023.

Figure 42: Binh Duong FDI (USDmn) slowed as the occupancy rate of IPs remained at over 93%



Source: MPI, Binh Duong Province People's Committee, VNDIRECT RESEARCH

Figure 43: Binh Duong ranked third after Hanoi and HCMC in terms of cumulative registered FDI value as of July 2024



Source: MPI, VNDIRECT RESEARCH

In the upcoming year, with improvement in supply (as mentioned above) and the active expansion and construction of new transportation infrastructure, we expect FDI in Binh Duong to bounce back.

Figure 44: Key infrastructure projects in Binh Duong in the upcoming period

Project	Comment
Expanding DT746 Road	Expected completion in 2024
HCMC Ring Road 4 through Binh Duong Province	Expected start of construction in late 2024
HCMC - Thu Dau Mot - Chon Thanh Expressway	Expected start of construction in late 2024

Source: VNDIRECT Research

Cay Truong will be BCM's IP revenue growth driver in FY25-26

On the other hand, BCM is currently completing the 1/500 Master Plan for Cay Truong IP. At the beginning of August, Binh Duong's provincial plan for 2021-2030 was approved. We expect this to lay the groundwork for Cay Truong IP to soon be given an in-principle nod by the Prime Minister.

Moreover, we see that most of the land area in Cay Truong IP has been cleared. Thus, we expect Cay Truong IP to be put into operation from 3Q25, adding 490ha to BCM's leasable IP land bank and becoming a revenue growth driver for the IP segment in FY25-26.

Figure 45: Cay Truong IP is located to the north of the Bau Bang expansion IP, and is convenient to travel to HCMC via National Route 13



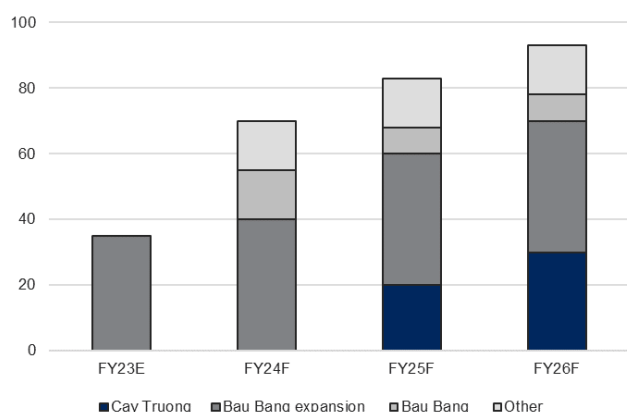
- Location: Cay Truong, Bau Bang, Binh Duong, near National Route 13
- Total area: ~700ha
- Leasable area: ~490ha
- Total Investment: VND5.5tn (USD218mn)
- Expected rental price: 150 USD/sqm/lease term

Source: VNDIRECT RESEARCH, COMPANY REPORTS, Google Maps

We expect IP revenue can grow at CAGR of 45.2% in FY24-26

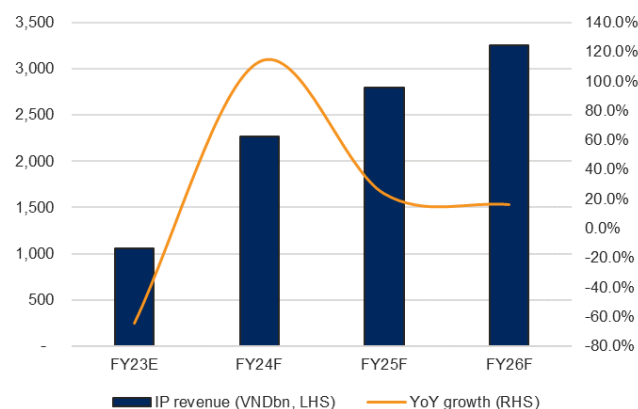
We expect BCM will handover 70ha of IP land in FY24 (vs ~35ha in FY23), mostly in Bau Bang IP and Bau Bang expansion IP. In FY25-26, with the contribution of Cay Truong IP, we expect the company to handover 83ha/93ha of IP land, respectively. Thus, we expect BCM's IP revenue to increase with a CAGR of 45.2% in FY24-26.

Figure 46: Cay Truong will contribute significantly to the growth of BCM's land sales in FY25-26 (unit: ha)



Source: VNDIRECT RESEARCH

Figure 47: We expect BCM's IP revenue to increase 113%/24% in 2024-25



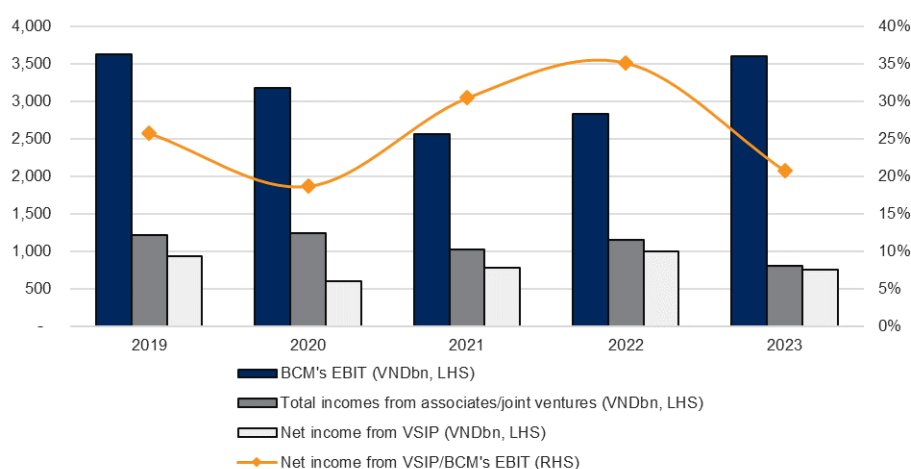
Source: VNDIRECT RESEARCH

Income from VSIP will surge in FY25-26 on multiple IP launches

VSIP contributes greatly to BCM's profit

Besides revenue from its main business segments, BCM enjoys relatively strong income from its joint ventures/associates (22%-40% of EBIT), of which VSIP contributes the most.

Figure 48: VSIP contributed 19%-35% to BCM's EBIT in FY19-23

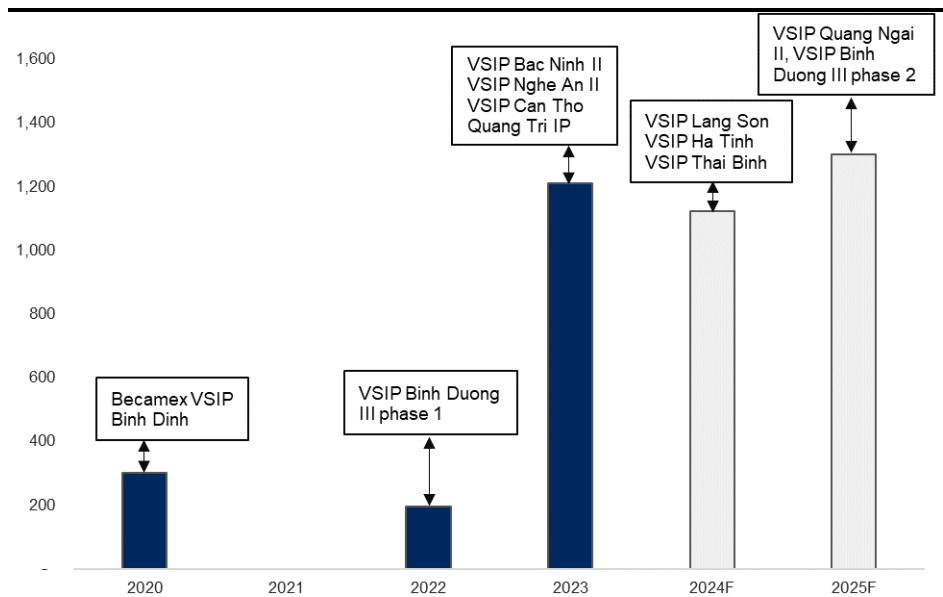


Source: COMPANY REPORTS, VNDIRECT RESEARCH

VSIP continuously expands IP land bank across the country...

In 2023, VSIP started construction on four IPs, including VSIP Bac Ninh II, VSIP Can Tho, VSIP Nghe An and Quang Tri IP, with a total leasable area of 854ha. Last June, VSIP started construction on VSIP Lang Son and VSIP Ha Tinh phase 1, adding 550ha to the leasable land bank. During 2H24-25, we expect VSIP to deploy VSIP Thai Binh, Quang Ngai II IP and VSIP Binh Duong III phase 2, with a total leasable area of ~1,189ha.

Figure 49: VSIP's IP land bank has continuously expanded in recent years



* We calculate IP land area at Becamex VSIP Binh Dinh and Quang Tri IP based on VSIP's ownership

Source: VNDIRECT RESEARCH, VSIP

...capturing rising demand for sustainable or low-carbon facilities

As sustainability becomes a critical criterion for global companies, Sembcorp and Becamex have committed to modelling the next generation of VSIPs as smart and sustainable IPs. This model will leverage Sembcorp's expertise in renewable energy and decarbonization solutions.

We believe that this IP model will make VSIP a preferred choice for companies seeking sustainable solutions. VSIP's first IP to implement this model, VSIP Binh Duong III phase 1, has shown its attractiveness to large corporations as LEGO Group (Danish toymaker) leased 44ha of land to build its first carbon-neutral factory with an investment of more than USD1bn, and Pandora leased 7.5ha to build a factory according to LEED Gold standards (a leading green building certification) with an investment of USD150mn.

Figure 50: LEGO carbon-neutral factory in VSIP III Binh Duong IP



Source: baodautu.vn

We forecast VSIP's IP revenue to surge by 48.4%/32.9% YoY in FY25-26

With a series of IPs continuously starting construction, VSIP will put multiple IPs into operation in 2024-26. In the context of strong FDI pouring into Vietnam and rising demand for green IP infrastructure, we believe VSIP IPs will have high occupancy rates.

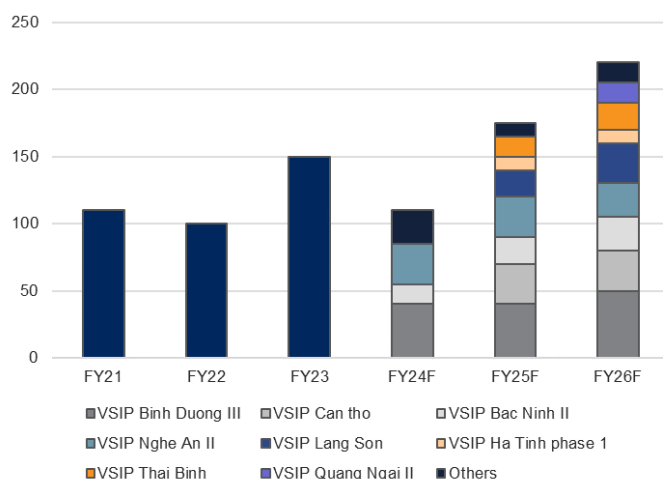
Figure 51: Progress of some recently started construction IPs of VSIP

IP name	Start construction in	Status
VSIP Can Tho	3Q23	The project has completed site clearance of over 89% and VSIP expects to start handing over land from 2Q25. By August 2024, 18 businesses had registered to lease over 100ha, accounting for one-third of the IP leasable area.
VSIP Nghe An II	3Q23	The project has completed site clearance of nearly 66% and leased out 6.9ha. So far, about 10 firms have expressed their interest in VSIP Nghe An II, with total demand covering 150-200ha. Four businesses have signed MOUs for projects covering 120ha, of which two firms signed MOUs for land delivery in September 2024.
VSIP Lang Son	Jun-24	According to plan, phase 1 of the project will come into operation from 3Q25

Source: VNDIRECT Research, VSIP

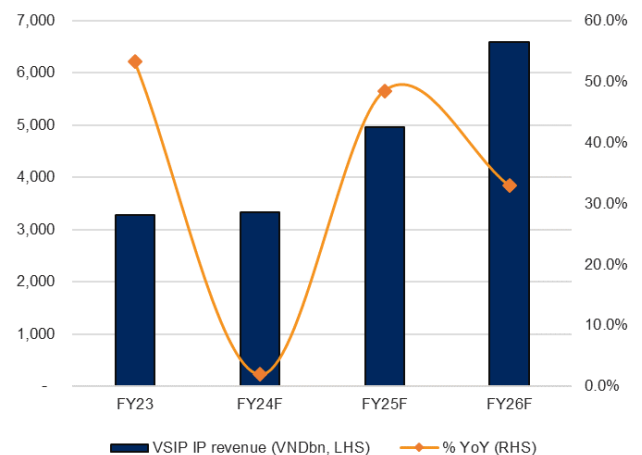
We expect VSIP's IP land sales to decrease from 150ha in FY23 to 110ha in FY24, with the main contributions coming from VSIP Binh Duong III phase 1 and VSIP Nghe An II. However, we forecast VSIP's IP revenue to remain flat compared to the previous year due to higher rental prices in the new IPs. In FY25-26, we expect VSIP to hand over 175ha/220ha (+59.1%/25.7% YoY) as other IPs, such as VSIP Can Tho and VSIP Lang Son, begin land handovers. Thus, we forecast VSIP's IP revenue to surge by 48.4%/32.9% YoY in FY25-26, respectively.

Figure 52: A series of IPs will come into operation such as VSIP Nghe An II, VSIP Can Tho and VSIP Binh Duong III phase 2... (unit: ha)



Source: Sembcorp, VNDIRECT RESEARCH

Figure 53: ...and are expected to boost VSIP's IP revenue in FY25-26



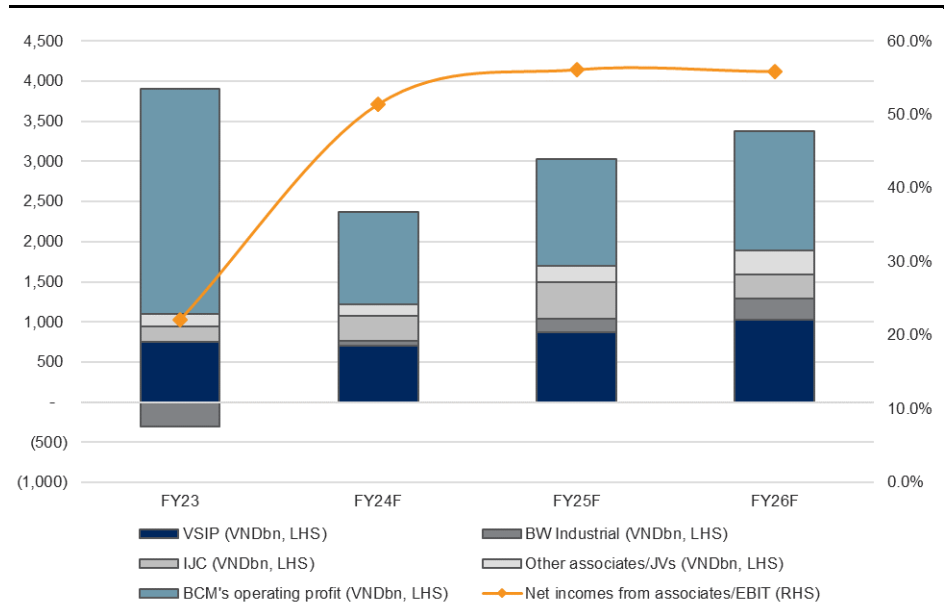
Source: COMPANY REPORTS, VNDIRECT RESEARCH

Income from VSIP, other affiliates will account for 95%/90% of BCM's EBIT

For VSIP's other business segments, such as residential and commercial property and providing services, we expect revenue from these segments to have limited growth momentum during 2024-26 as the company focuses on developing IPs (unless the company transfers part of the land to another property developer). We forecast VSIP's net profit will slightly decrease 6.6% YoY in FY24, reaching VND1.4tn (USD57mn) due to lower gross profit margins

from the new IPs, then grow 24.9%/17.2% YoY in FY25-26 as more IPs begin land handovers. We project VSIP and other affiliates will contribute a total of VND1.2bn/1.7bn (USD49mn/68mn) in FY24-25, which is around 51.4%/56.1% of BCM's EBIT, respectively.

Figure 54: VSIP and other affiliates will account for 51%-56% BCM's EBIT in FY24-26



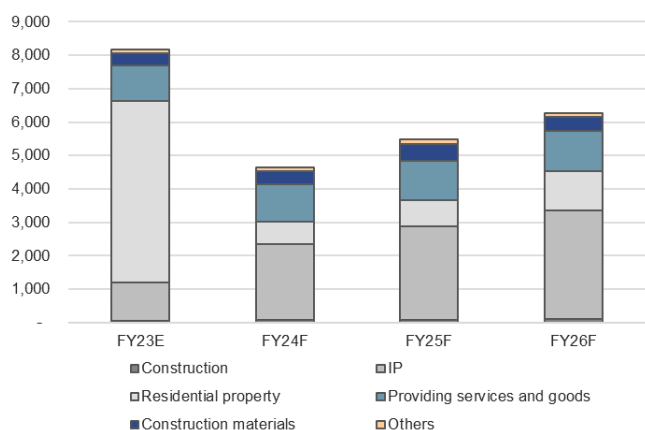
Source: COMPANY REPORTS, VNDIRECT RESEARCH

We expect BCM's NP to change -58.3%/+50.2% YoY in FY24/25

We expect net profit to drop 58.3% in FY24, then rebound strongly by 50.2% in FY25 based on the following key assumptions:

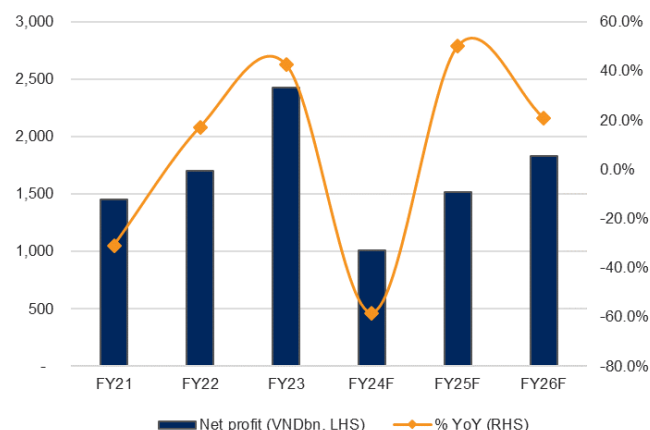
- FY24 revenue will fall 41.4% YoY due to the absence of land transfers, as happened in 2023 (BCM recorded over VND5tn/USD200mn of revenue from transferring 18.9ha of land to CapitaLand). Revenue will then recover, increasing by 22.3% YoY in FY25 thanks to: 1) an 18.6% increase in IP land sales as Cay Truong IP comes into operation; 2) the handover of ~500 SH units; and 3) a recovery in construction material revenue following the property market's rebound, which will become more evident in 2025.
- Financial expenses will remain high due to the development of Cay Truong IP and social housing projects.
- Profit from associates/JV will jump by 52.8%/39% YoY in FY24-25, respectively, thanks to VSIP bringing multiple new IPs into operation and improved business performance of BW Industrial and IJC.
- BCM will not recognize income from land transfers to other developers in FY24-26.

Figure 55: We expect FY24 revenue will fall 41.4% YoY due to the absence of land transfers, as took place in 2023 (VNDbn)



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 56: We expect net profit to drop 58.3% YoY in FY24 then rebound strongly by 50.2% in FY25



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Share issuance will reduce pressure on debt maturity

BCM plans to issue 300 million shares, mobilizing a minimum of VND15tn (USD600mn) of charter capital. The company plans to spend more than VND5tn (USD200mn) of this amount for debt repayment. At the end of 2Q24, BCM's total debt was VND21tn (USD840mn) and bond maturity pressure will be high in FY26-28 (as mentioned above). In addition, in the long term, BCM plans to implement many projects, including IPs, residential property projects and transportation projects, with large capital needs. Therefore, increasing capital is very necessary for BCM.

We expect BCM to complete its capital increase plan in 1H25, helping the company have cash to meet debt payments and deploy projects. This issuance also helps increase BCM's free-float as the state ownership ratio is expected to decrease from 95% to 74%.

Figure 57: BCM's capital needs for 2023-25 with a vision to 2030

Project	Investment (VNDbn)
IP projects	15,000
Transportation projects	30,000
IP - urban projects in other provinces	37,240
Residential and logistic areas	25,000
Social housing	20,000
Binh Duong New City	70,000
Other projects	10,000
Contribute to member units	20,000
Total	227,240

Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 58: BCM's plan to allocate capital from share issuance

Purpose	Amount of capital used (VNDbn)
Investment projects	6,300
_Cay truong IP	2,800
_Bau Bang expansion IP	3,500
Contribute capital to JVs/associates	3,634
_VSIP	2,118
_Becamex Binh Phuoc	900
_Becamex - VSIP Power Investment and Development JSC	216
_Vietnam - Singapore Smart Energy Solutions JSC	200
_Becamex Binh Dinh	200
Debt payment	5,066

Source: COMPANY REPORTS, VNDIRECT RESEARCH

Valuation: ADD rating with a TP of VND83,900, upside of 16.5%

Our valuation is based on the sum-of-the-parts (SOTP) method for BCM's business segments. We apply a DCF method to value the property projects that are profitmaking and under development with an assumed WACC-based discount rate of 10.6% (Risk free rate: 2.79%, [Market risk premium](#): 7.78%).

Figure 59: BCM valuation

	Method	BCM's ownership	Fair valuation (VNDbn)
IP segment			
_My Phuoc 1	DCF	100%	489
_My Phuoc 2	DCF	100%	199
_My phuoc 3	DCF	100%	559
_Thoi Hoa	DCF	100%	472
_Bau Bang	DCF	100%	1,021
_Bau Bang expansion	DCF	100%	3,619
_Cay Truong	DCF	100%	5,433
Property segment			
_Undeveloped urban land fund	DCF and comparison	100%	66,977
_Becamex Tower	DCF	100%	2,860
_WTC Tower	DCF	100%	1,591
_Hoa Loi Residential area	BV	61%	873
_TDC Plaza	BV	61%	526
_Unitown phase 2	BV	61%	185
_Becamex Hotel New City	DCF	100%	833
_Becamex Hotel Thu Dau Mot	DCF	100%	387
_Others	BV	100%	42
Add:			
Cash and cash equivalent	BV		2,364
Investment in associates			
_VSIP	SOTP	49%	18,094
_BW Industrial	P/B	24%	3,564
_IJC	SOTP	50%	3,480
_Becamex Tokyu	P/B	35%	4,222
_Becamex Binh Phuoc	DCF	40%	659
_Becamex Binh Dinh	DCF	40%	457
_Others	BV, P/B and P/E		2,230
Less:			
_Gross Debt	BV		21,274
_Minority interest	BV		925
Pre-money RNAV			93,959
No. of shares before issuance (mn)			1,035
Target price before issuance			90,800
Adjust:			
(+) Proceeds from issuing shares*			18,000
(-) Amount invested in projects and member units			4,978
Post-money RNAV			111,959
No. of shares after issuance (mn)			1,335
Target price after issuance			83,900

(*) We assume BCM can issue shares with price of VND60,000/share

Source: VNDIRECT RESEARCH

For undeveloped urban land bank, we use the DCF method to value the land in Thu Dau Mot, assuming BCM can transfer 10-15ha per year at an initial price of

VND20.8mn psm and a discount rate of 13%. For other land banks, we use the comparison method based on the actual land price differences we surveyed. We apply a discount of 10% for the total value of the urban land bank to reflect land price fluctuation risk.

Figure 60: Urban land bank valuation

Location	Remaining land fund (ha)	Method	Land value after adjustment (VND/sqm)	Fair value (VNDbn)	Comment
Thu Dau Mot	459	DCF	9,801,231	44,941	We have assumed BCM could transfer 10-15ha with a selling price of ~VND20.8mn psm and discount rate of 13%.
Ben Cat	297	Comparison	4,900,616	14,534	Compared to land value in Thu Dau Mot, we adopt a downward adjustment of 50% for location factor based on current land prices in Binh Duong.
Bau Bang	452	Comparison	2,940,369	13,295	Compared to land value in Thu Dau Mot, we adopt a downward adjustment of 70% for location factor based on current land prices in Binh Duong.
Thuan An	14	Comparison	11,761,477	1,648	Compared to land value in Thu Dau Mot, we adopt an upward adjustment of 20% for location factor based on current land prices in Binh Duong.

Source: VNDIRECT RESEARCH

We apply the SOTP method to value VSIP. We use the DCF method to value the property projects that are profit-making and under development with an assumed WACC-based discount rate of 10.5%. Additionally, we apply a special discount rate of 20-30% for some projects to reflect project execution risk or the risk of projects not being fully sold.

Figure 61: VSIP valuation

	Method	VSIP's ownership	Fair valuation (VNDbn)
IP segment			
_Becamex Binh Dinh	DCF	30%	343
_VSIP Hai Phong	DCF	100%	1,122
_VSIP Nghe An I	DCF	100%	70
_VSIP Binh Duong III	DCF	100%	7,012
_VSIP Can Tho	DCF	100%	1,688
_VSIP Bac Ninh II	DCF	100%	2,983
_VSIP Nghe An II	DCF	100%	2,641
_Quang Tri IP	DCF	30%	563
_VSIP Lang Son	DCF	100%	1,708
_VSIP Ha Tinh phase 1	DCF	100%	470
_VSIP Thai Binh	DCF	100%	985
_VSIP Quang Ngai II	DCF	100%	923
Property segment	DCF and Comparison		20,901
Energy and others	P/E		5,616
Add:			
Cash and cash equivalent			7,326
Less:			
Gross debt			15,192
Minority interest			2,232
RNAV			36,926

Source: VNDIRECT RESEARCH

Figure 62: Target price sensitivity analysis: Share issue price (Unit: VND)

Share issue price	50,000	55,000	60,000	65,000	70,000
TP	81,700	82,800	83,900	85,000	86,200

Source: VNDIRECT RESEARCH

Figure 63: Target price sensitivity analysis: WACC (Unit: VND)

VSIP's WACC	BCM's WACC						
	9.1%	9.6%	10.1%	10.6%	11.1%	11.6%	12.1%
9.5%	85,300	85,100	84,800	84,600	84,300	84,100	83,800
10.0%	85,000	84,700	84,500	84,200	84,000	83,700	83,500
10.5%	84,700	84,400	84,200	83,900	83,700	83,500	83,200
11.0%	84,300	84,100	83,800	83,600	83,400	83,100	82,900
11.5%	84,000	83,800	83,600	83,300	83,100	82,800	82,600

Source: VNDIRECT RESEARCH

Figure 64: Target price sensitivity analysis: land price in Thu Dau Mot (Unit: VND)

Land price in Thu Dau Mot	18.0	20.0	20.8	22.0	24.0
TP	77,100	82,000	83,900	86,800	91,600

Source: VNDIRECT RESEARCH

BCM now trades at a current P/B of 3.9, above its peer median of 2.2 and close to its three-year average P/B. Our target price implies FY25 P/B of 2.9. We believe this P/B is appropriate to reflect BCM's outlook and the impact of the planned capital raise in FY25.

Figure 65: BCM typically trades at a higher P/B than the peer median

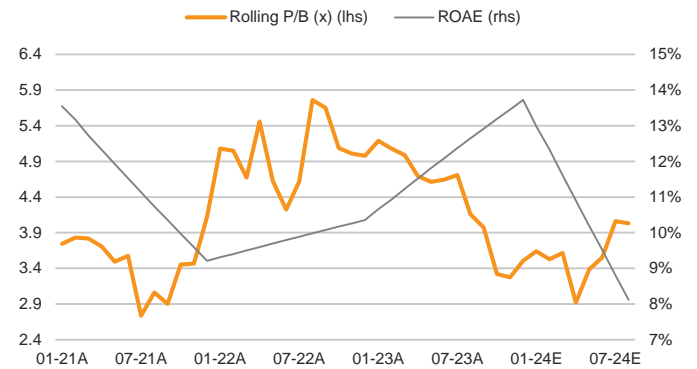
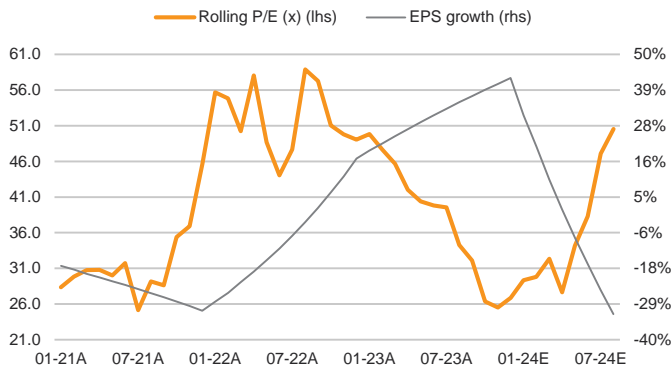


Source: VNDIRECT RESEARCH, BLOOMBERG

Figure 66: Peer comparison (data as of August 15, 2024)

Company	Ticker	Mkt Cap	6M24 net revenue	%YoY	6M24 net profit	%YoY Debt/Equity	ROE	TTM P/E	LQ P/B
		USDmn	USDmn		USDmn	x	%	x	x
Vietnam Rubber Group	GVR VN	5,215	368	9.5%	54	21.3%	0.1	5.1	45.8
Kinh Bac City Development Holding	KBC VN	763	42	-75.6%	6	-90.8%	0.2	1.4	73.2
Viglacera Corp Jsc	VGC VN	721	214	-20.2%	15	-53.6%	0.5	10.0	22.7
Idico Corp Jsc	IDC VN	777	185	29.9%	45	65.5%	0.6	38.0	10.6
Saigon Vrg Investment Corp	SIP VN	586	151	23.1%	22	34.9%	0.4	28.1	14.6
Sonadezi Corp	SNZ VN	526	114	18.0%	22	57.4%	0.5	12.6	13.1
Phuoc Hoa Rubber	PHR VN	300	24	12.9%	6	-60.6%	0.1	11.4	18.4
Sonadezi Chau Duc	SZC VN	257	19	35.5%	7	55.3%	1.5	11.6	22.2
Nam Tan Uyen Jsc	NTC VN	192	5	4.7%	5	-15.7%	0.3	35.8	16.1
Long Hau Corp	LHG VN	77	10	30.5%	4	32.1%	0.1	12.5	10.1
Average							0.4	16.7	24.7
Median							0.4	12.1	17.3
Investment And Industrial Development Corp	BCM VN	2,926	79	-5.0%	20	188.4%	1.0	15.3	28.1

Source: VNDIRECT RESEARCH, BLOOMBERG

Valuation

Income statement

(VNDbn)	12-23A	12-24E	12-25E
Net revenue	7,883	4,616	5,450
Cost of sales	(3,635)	(1,966)	(2,434)
Gen & admin expenses	(592)	(658)	(721)
Selling expenses	(873)	(997)	(1,100)
Operating profit	2,783	996	1,196
Operating EBITDA	3,050	1,238	1,441
Depreciation and amortisation	(267)	(242)	(245)
Operating EBIT	2,783	996	1,196
Interest income	131	187	162
Financial expense	(906)	(1,089)	(1,139)
Net other income	(108)	(30)	(30)
Income from associates & JVs	798	1,220	1,696
Pre-tax profit	2,697	1,284	1,885
Tax expense	(417)	(180)	(264)
Minority interest	143	(92)	(102)
Net profit	2,423	1,012	1,520
Adj. net profit to ordinary	2,423	1,012	1,520
Ordinary dividends	(828)	(932)	(1,035)
Retained earnings	1,595	80	485

Balance sheet

(VNDbn)	12-23A	12-24E	12-25E
Cash and equivalents	1,332	1,948	17,239
Short term investments	87	87	87
Accounts receivables	7,024	4,148	4,316
Inventories	19,834	22,810	23,950
Other current assets	164	177	192
Total current assets	28,441	29,171	45,784
Fixed assets	4,351	4,640	4,961
Total investments	17,226	18,446	22,842
Other long-term assets	3,407	3,310	3,167
Total assets	53,424	55,566	76,754
Short-term debt	9,385	9,940	10,440
Accounts payable	747	404	500
Other current liabilities	12,865	13,155	14,683
Total current liabilities	22,998	23,499	25,623
Total long-term debt	10,331	11,831	12,331
Other liabilities	622	598	575
Share capital	10,350	10,350	13,350
Retained earnings reserve	6,303	5,969	6,039
Shareholders' equity	18,562	18,634	37,119
Minority interest	911	1,003	1,105
Total liabilities & equity	53,424	55,566	76,754

Cash flow statement

(VNDbn)	12-23A	12-24E	12-25E
Pretax profit	2,697	1,284	1,885
Depreciation & amortisation	267	242	245
Tax paid	(81)	(180)	(264)
Other adjustments	(2,219)	(1)	0
Change in working capital	(3,815)	(237)	285
Cash flow from operations	(3,151)	1,108	2,151
Capex	(115)	(396)	(430)
Proceeds from assets sales	1	0	0
Others	586	(1,220)	(4,396)
Other non-current assets changes			
Cash flow from investing activities	472	(1,615)	(4,826)
New share issuance	0	0	18,000
Shares buyback	0	0	0
Net borrowings	3,768	2,055	1,000
Other financing cash flow			
Dividends paid	(828)	(932)	(1,035)
Cash flow from financing activities	2,940	1,124	17,965
Cash and equivalents at beginning of period	1,071	1,332	1,948
Total cash generated	262	616	15,290
Cash and equivalents at the end of period	1,332	1,948	17,239

Key ratios

	12-23A	12-24E	12-25E
Dupont			
Net profit margin	30.7%	21.9%	27.9%
Asset turnover	0.15	0.08	0.08
ROAA	4.8%	1.9%	2.3%
Avg assets/avg equity	2.88	2.93	2.37
ROAE	13.7%	5.4%	5.5%
Efficiency			
Days account receivable	262.4	263.3	222.4
Days inventory	1,991.7	4,247.2	3,592.2
Days creditor	75.0	75.2	75.0
Fixed asset turnover	2.10	1.03	1.14
ROIC	6.2%	2.4%	2.5%
Liquidity			
Current ratio	1.2	1.2	1.8
Quick ratio	0.4	0.3	0.9
Cash ratio	0.1	0.1	0.7
Cash cycle	2,179.1	4,435.2	3,739.5
Growth rate (yoy)			
Revenue growth	20.1%	(41.4%)	18.1%
Operating profit growth	88.4%	(64.2%)	20.1%
Net profit growth	42.5%	(58.3%)	50.2%
EPS growth	42.5%	(58.3%)	16.5%

Source: VND RESEARCH

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Barry Weisblatt – Head of Research

Email: barry.weisblatt@vndirect.com.vn

Tuan Nguyen – Manager

Email: tuan.nguyenthanh@vndirect.com.vn

Nga Nguyen – Analyst

Email: nga.nguyenthuy2@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>