VIETJET AIR JSC (VJC)

TRANSPORTATION

Core business improves – [Missed]

- 1Q25 net profit came to VND640bn (USD24.6mn, +19.4% YoY), driven by a strong core transportation business. However, the result was below our expectations, fulfilling only 18.4% of our FY25 forecast.
- We see downward pressure on our target price of VND113,600, which we will update after further review.

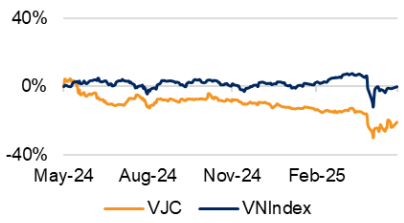
Current Price	VND89,600
52Wk High/ Low	VND118,800/79,100
Target Price	VND113,600
Last Updated	12/26/2024
Last Rating	HOLD
TP vs Consensus	-2.8%
Upside	26.8%
Dividend Yield	0%
TSR	26.8%

Market Cap	USD1.9bn
3MADTV	USD2.2mn
Avail Foreign Room	USD358.2mn
Outstanding Shares	541.6mn
Fully Diluted O/S	541.6mn

	VJC	VNI
P/E TTM	31.7x	11.9x
P/B Current	2.7x	1.5x
ROA	1.6%	2.1%
ROE	9.1%	13.3%

as of 5/6/2025

Share Price Performance



Ownership

Sunflower Sunny Investment Co.	28.6%
Nguyen Thi Phuong Thao	8.8%
Sovico JSC	7.6%
Others	55.0%

Business Description

VietJet Air is the largest low-cost carrier in Vietnam. Since its first flight in 2011, VJC has capitalized on Vietnam's domestic aviation boom and achieved a 43.9% domestic market share and 24.2% international market share in 2024. VJC is among the top five airlines in the Asia-Pacific region by number of aircraft orders.

Analyst(s):



Quyen Nguyen
quyen.nguyen2@vndirect.com.vn

Core passenger transportation grew strongly

VJC's 1Q25 revenue reached VND17.9tn (USD690.5mn, +0.9% YoY). All revenue was contributed by the transportation segment, supported by the strong recovery of international air travel. Transportation sales rose by 10.1% YoY as VJC transported 6.8 million passengers (12.9% YoY), including 2.7 million passengers on international flights (+7.8% YoY). Ancillary revenue reached VND6.2tn (+11% YoY), contributing over 35% of total airline revenue.

GPM improved thanks to lower fuel prices and effective cost control

1Q25 gross profit margin expanded to 13.4% from 9.8% in 1Q24 as gross profit surged 37.7% YoY to VND2.4tn (USD51.3m). The higher GPM was supported by: 1) a 10% YoY decrease in the average Jet A1 fuel price; and 2) effective cost control, evidenced by a 6.5% YoY increase in flight operation costs compared to a 10% YoY increase in related revenue.

Net financial loss rose compared to 1Q24

1Q25 net financial loss climbed to VND737bn (USD28.4mn, +107.1% YoY), mainly driven by: 1) a 52.8% YoY decline in net FX gain, falling from VND177bn (USD6.8mn) to VND83bn (USD3.2mn); and 2) a 37% YoY surge in other financial expenses, reaching VND270bn (USD10.4mn).

1Q25 results missed our expectation

VJC posted 1Q25 net profit of VND640bn (USD24.6mn, +19.4% YoY), which missed our expectation, fulfilling only 18.4% of our full-year forecast.

Update on aircraft leasing dispute

As of April 17, 2025, London's High Court ruled that VietJet owes FW Aviation, a subsidiary of FitzWalter Capital, USD181.8mn in a leasing dispute involving four Airbus A321 aircraft. However, VJC has been granted permission to appeal the ruling, with the hearing scheduled for May 2025. If the appeal fails, the ruling could further pressure VJC's financial position, resulting in a reduction of its equity value by VND4.7tn (USD181mn), equivalent to an 8.8% decrease in the target price to VND104,800.

(VNDbn)	1Q25	1Q24	% YoY	vs full year forecast
Net revenue	**17,952**	**17,792**	**0.9%**	**21.6%**
Transportation	17,952	16,304	10.1%	24.9%
Aircraft transactions	-	1,488	-100%	0.0%
COGS	15,548	16,047	-3%	21.5%
Gross profit	**2,404**	**1,745**	**37.7%**	**21.8%**
SG&A expenses	841	847	-0.7%	17.9%
Net financial losses	(737)	(356)	107.1%	30.4%
PBT	**836**	**676**	**23.7%**	**19.5%**
NPAT-MI	**640**	**536**	**19.4%**	**18.4%**
GPM	**13.4%**	**9.8%**	**3.6% pts**	
NPM	**3.6%**	**3.0%**	**0.6% pts**	

Source: VNDIRECT 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.

Ngoc Pham Thi Bich – Manager
Email: ngoc.phambich@vndirect.com.vn

Quyen Nguyen – Analyst
Email: quyen.nguyen2@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