

Aviation

4Q24: Aviation up on international travel

International travel drives 4Q24 growth

The overall air traffic grew 7% YoY in 4Q24 thanks to rising international travel, passenger numbers declined slightly by 1% YoY. A significant rebound in international arrivals (4.88mn pax, +31% YoY) was seen, particularly from China, India, and the US, likely thanks to improved weather and tourism initiatives like those celebrating the 75th anniversary of Vietnam-China diplomatic relations. Outbound passenger numbers also showed signs of recovery towards the end of the quarter.

Airlines – Mixed results

4Q24 airline revenue (HVN & VJC) rose 15% YoY to VND36.4tn, with a VND1tn NPAT (vs VND2tn loss in 4Q23).

Overall airline OP posted at VND932bn (recovered from VND3.7tn loss in 4Q23) but halved compared to the Q3. Airlines' OPM (total of HVN and VJC) reached 1.2% (-2.8%p QoQ, +13%p YoY, figure 8), but there is a disparity in profitability between the two carriers, in which:

- The VJC's OPM was shrunk in 4Q24. The main reasons could come from: (1) The ramp-up in Southeast Asia and Vietnam capacity, particularly from LCCs in the region. (2) Our estimates show that VJC experienced 6%p QoQ decline in load factor and negative OP due to its aggressive fleet expansion in Q4.
- Conversely, HVN, with a more moderate expansion, maintained a stable load factor and stronger OPM.

Aviation services – Shine amid airline competition

In contrast, aviation services companies, insulated from the intense airline competition, benefited significantly from increased international passenger numbers, enabling them to charge higher fees and achieve wider margins. The aggregated revenue of these companies posted at VND1,155bn (+23% YoY), margins improved and total NPAT jumped to VND345bn (+53% YoY). This positive performance is mirrored in ACV's earnings, which reported VND5.7tn revenue (+14% YoY) and VND3.1tn NPAT (2.2x vs 4Q23), which was supported by a stabilization in doubtful debt provisions for airlines.

Airport – Stabilized bad debt supporting profit surge

This positive performance of airlines and service companies is mirrored in ACV's earnings, which reported VND5.7tn revenue (+14% YoY) and VND3.1tn NPAT (2.2x vs 4Q23). This growth was supported by a stabilization in doubtful receivable provisions for airlines.

Regardless of stock valuation, we believe SGN is the most promising company for strong 1Q25F NPAT growth, driven by its oligopoly in ground services at TSN Airport, alongside the recovery of the domestic market and the growth of international arrivals.

Non-rated

Company	Rating	TP (VND)
HVN	Non-rated	N/A
VJC	Non-rated	N/A
ACV	Non-rated	N/A
SCS	Non-rated	N/A
NCT	Non-rated	N/A
SGN	Non-rated	N/A

Research Department

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Table 1. Coverage valuation

Recommendation & TP			Earning & Valuation										
Company				Sales	OP	NP	EPS	BPS	ROE	ROA	PE	PB	EV/EBI TDA
				(VND bn)	(VND bn)	(VND bn)	(VND)	(VND)	(%)	(%)	(x)	(x)	(x)
Vietnam Airlines JSC (HVN)	TP	N/A	2020A	40,538	(10,954)	(10,927)	(6,094)	3,530	(89.3)	(15.7)	-	6.3	-
	Price	26,650	2021A	27,911	(12,937)	(12,908)	(6,960)	681	(329.3)	(20.5)	-	34.0	-
	Market cap (VND bn)		2022A	70,410	(7,840)	(11,298)	(5,102)	(5,222)	-	(18.3)	-	-	-
			2023A	91,540	(2,587)	(5,930)	(2,678)	(7,910)	-	(10.0)	-	-	29.9
			2024	105,787	6,775	7,267	3,108	3,108	-	11.9	8.6	-	6.4
Vietjet Air JSC (VJC)	TP	N/A	2020A	18,220	(2,551)	69	130	28,592	0.5	0.1	959.7	4.4	-
	Price	96,500	2021A	12,875	(3,012)	75	147	31,082	0.5	0.2	870.1	4.1	-
	Market cap (VND bn)		2022A	40,142	(3,464)	(2,262)	(4,178)	27,470	(14.3)	(3.8)	-	4.0	-
			2023A	58,341	(529)	231	426	28,123	1.5	0.3	234.4	3.6	-
			2024	71,859	3,020	1427	2,632	31,218	8.9	1.5	36.8	3.1	25.2
Airport Corp. of Viet Nam (ACV)	TP	N/A	2020A	7,767	577	1,647	577	17,237	3.4	2.9	140.4	4.7	44.3
	Price	117,600	2021A	4,752	(2,102)	480	363	17,277	1.3	0.9	239.8	5.0	397.6
	Market cap (VND bn)		2022A	13,805	4,645	7,232	2,991	20,147	16.0	12.6	28.3	4.2	23.3
			2023A	19,998	8,097	8,460	3,318	23,133	18.0	13.3	19.9	2.9	12.0
			2024	22,659	12,301	11,577	4,741	27,506	18.7	14.3	25.4	4.4	18.2
SCSC Cargo Service Corp. (SCS)	TP	N/A	2020A	693	473	464	4,963	10,054	49.5	42.9	11.0	5.4	12.0
	Price	77,400	2021A	839	574	564	6,003	12,542	53.1	44.9	11.8	5.6	12.2
	Market cap (VND bn)		2022A	851	641	646	6,505	14,505	48.1	43.5	9.9	4.5	9.1
			2023A	705	484	498	5,280	13,423	37.9	30.6	12.3	4.8	11.0
			2024	1,037	730	693	7,301	14,058	53.3	38.5	11.0	5.7	8.3
Noi Bai Cargo Terminal Service JSC (NCT)	TP	N/A	2020A	669	230	207	7,901	15,641	44.8	38.0	6.3	3.2	6.0
	Price	112,900	2021A	742	272	224	8,546	17,479	51.6	42.3	7.5	3.7	6.2
	Market cap (VND bn)		2022A	736	279	237	8,646	16,523	53.3	45.0	8.6	4.5	6.5
			2023A	702	251	217	8,286	16,564	50.1	41.1	10.1	5.1	7.1
			2024	921	302	267	9,179	21,343	53.8	41.1	11.2	5.3	8.6
Saigon Ground Services JSC (SGN)	TP	N/A	2020A	731	95	86	2,628	24,727	10.0	7.7	24.1	2.5	9.7
	Price	99,000	2021A	488	50	42	1,584	23,135	6.7	5.4	40.2	2.8	11.7
	Market cap (VND bn)		2022A	995	159	136	3,971	23,905	17.5	13.7	14.3	2.5	6.2
			2023A	1,456	254	241	6,377	27,983	26.1	19.2	10.4	2.5	5.2
			2024	1,518	324	294	6,756	36,679	26.6	19.5	11.9	2.9	7.0

Source: Company Data, KIS Research

Table 2: 4Q24 business results

(VNDbn, %)

	Revenue			NPAT		
	4Q24	yoy	qoq	4Q24	yoy	qoq
HVN	26,625	11.1	0.1	1,004	-	16.4
VJC	19,797	35.6	9.0	21	(45.6)	(96.2)
ACV	5,721	14.1	1.2	3,089	117.7	32.0
SCS	294	47.9	10.6	170	32.6	(8.4)
NCT	278	34.9	16.3	77	42.3	2.3
SGN	390	6.6	2.7	85	216.6	15.8

Source: Company data, KIS Research

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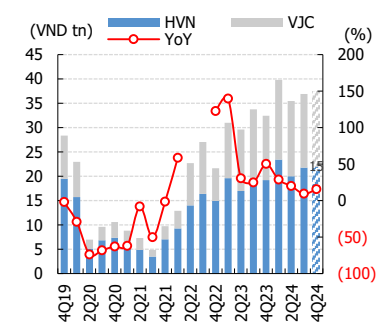
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I. 4Q24 aviation overview

1. Airlines

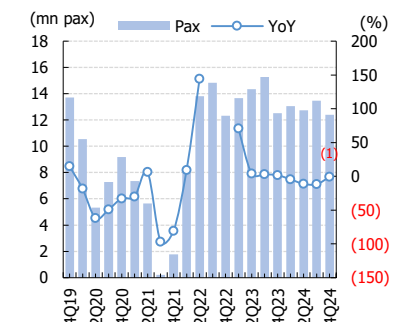
4Q24 air passenger numbers dipped 1% YoY, while traffic grew 7% YoY, driven by international travel (Figure 2, 3). Airline revenue (HVN and VJC, representing 74% of total scheduled seats) reached VND36.4tn (+15% YoY, figure 1) driven by the traffic growth and generated VND1tn NPAT (vs 4Q23's VND2tn loss).

Figure 1. HVN & VJC's 4Q24 revenue increased 15% YoY



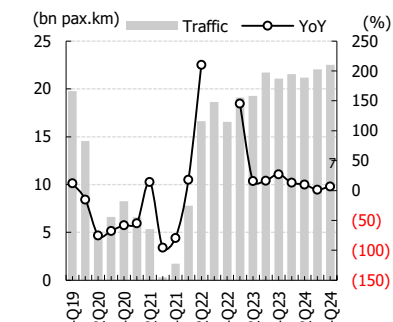
Note: 2Q22 (+236% YoY), 3Q22 (+471% YoY); Revenue from transportation and ancillary
Source: Company data, KIS Research

Figure 2. Air passengers down 1% YoY in 4Q24



Note: 3Q22 (+6,262% YoY), 4Q22 (+868% YoY)
Source: GSO, KIS Research

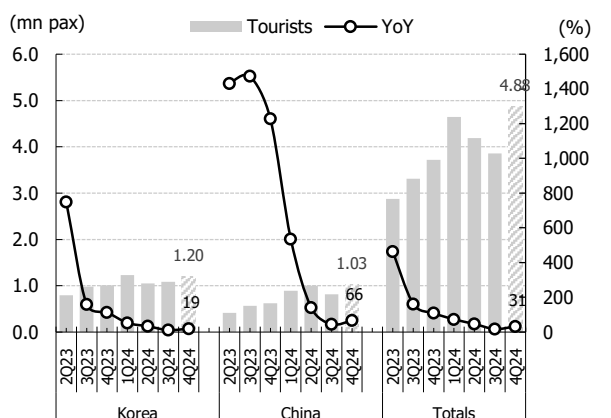
Figure 3. 4Q24 air traffic remains resilient with 7% YoY growth



Note: 3Q22 (+6,625% YoY), 4Q22 (+598% YoY)
Source: GSO, KIS Research

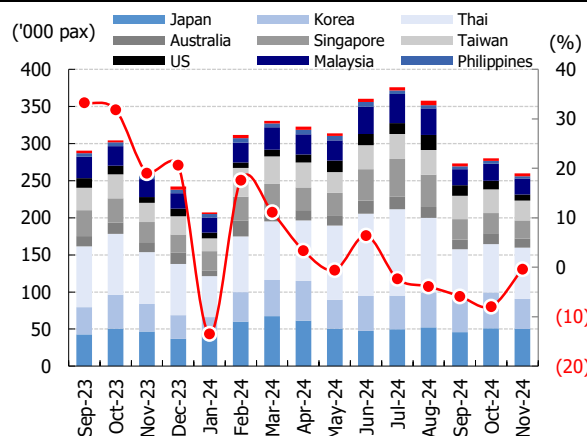
Total overseas arrivals in 4Q24 reached 4.88mn (+31% yoy, figure 4). This growth was driven by significant yoy growth of Chinese, Indian, and American tourists in 4Q24, likely thanks to the end of adverse weather conditions experienced in Q3. The acceleration of Chinese arrivals can be attributed to tourism programs celebrating the 75th anniversary of diplomatic relations between Vietnam and China. This is reflected in the accelerated recovery of Chinese tourist numbers in Q4 following the commencement of these programs. Finally, outbound passenger numbers rebounded in Nov-25, approaching positive growth (figure 5).

Figure 4. Arrival visitors in 4Q24 soared thanks to the acceleration from Chinese market



Source: GSO, KIS Research

Figure 5. Vietnamese outbound travel slowed down in July and August

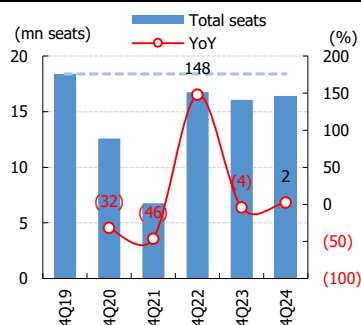


Source: Countries' Tourism Board, KIS Research

Overall airline OP posted at VND932bn (recovered from VND3.7tn loss in 4Q23) but halved compared to the Q3. Airlines' OPM (total of HVN and VJC) reached 1.2% (-2.8%p QoQ, +13%p YoY, figure 8), but there is a disparity in profitability between the two carriers, in which:

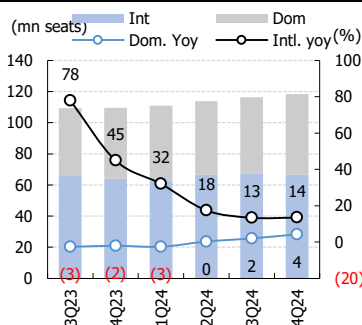
- The VJC's OPM was shrunk in 4Q24. The main reasons could come from: (1) The ramp-up in Southeast Asia and Vietnam capacity (figures 6, 7), particularly from LCCs in the region as [Our 3Q24 report](#) have put downward pressure on airfares. (2) Our estimates show that VJC experienced 6%p QoQ decline¹ in load factor and negative OP due to its aggressive fleet expansion in Q4.
- Conversely, HVN, with a more moderate expansion, maintained a stable load factor (figure 8) and stronger OPM.

Figure 6. Vietnam's total seats in 4Q24 up 2% YoY



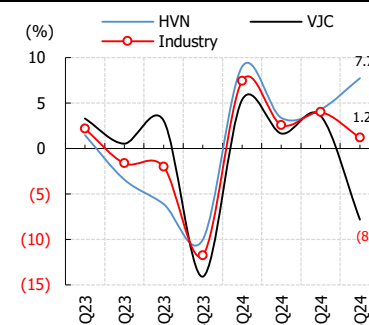
Source: OAG, KIS Research
Note: Seats on flights from/to Vietnam

Figure 7. Both Southeast Asia int. and dom. seats increased in 4Q24



Source: OAG, KIS Research

Figure 8. 2 big players' OPM did not rhyme



Source: Company data, KIS Research
Note: Industry = HVN + VJC

2. Aviation services and airport

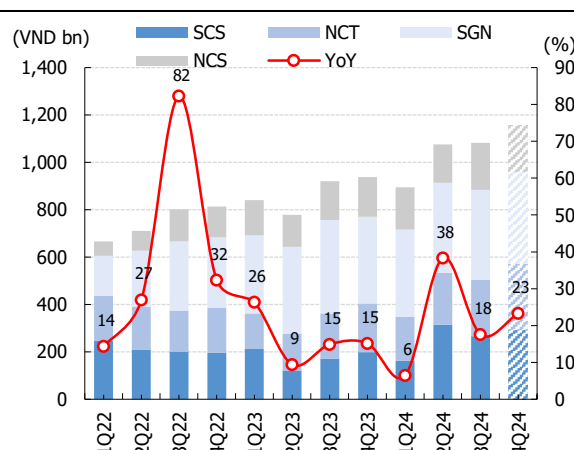
Unlike airlines, aviation service companies, insulated from the intense airline competition, benefited significantly from increased international passenger numbers, enabling them to charge higher fees and achieve wider margins. Total revenue of these companies posted at VND1,2tn (+23% YoY, figures 10), margins improved and NPAT jumped to VND345bn (+53% YoY) (figures 11, 12). This positive performance is mirrored in ACV's earnings, which reported VND5.7tn revenue (+14% YoY) and VND3.1tn NPAT (2.2x vs 4Q23), which was supported by a stabilization in doubtful receivable provisions for airlines.

Figure 9. Monthly growth of biggest source markets

	Korea	China	Taiwan	India	USA	Malay.	Japan
Dec-24	17%	66%	20%	40%	26%	6%	-11%
Nov-24	26%	68%	26%	33%	16%	3%	21%
Oct-24	14%	66%	19%	15%	16%	-7%	3%
Sep-24	15%	49%	35%	33%	7%	6%	4%
Aug-24	9%	45%	42%	20%	-11%	6%	23%
Jul-24	8%	38%	10%	0%	-12%	-10%	5%
Jun-24	16%	81%	43%	7%	-3%	-3%	25%
May-24	42%	143%	90%	32%	11%	-22%	22%
Apr-24	42%	220%	93%	44%	23%	11%	32%
Mar-24	55%	408%	143%	53%	29%	21%	53%
Feb-24	42%	437%	94%	42%	15%	23%	29%
Jan-24	61%	1426%	169%	30%	-3%	30%	77%

Source: GSO, KIS Research

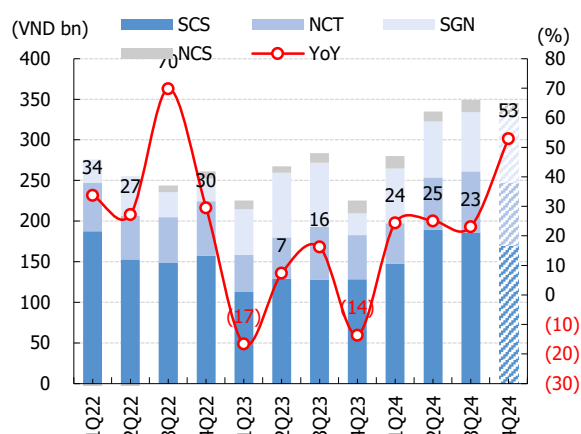
Figure 10. Total services revenue up 23% YoY



Source: Company data, KIS Research

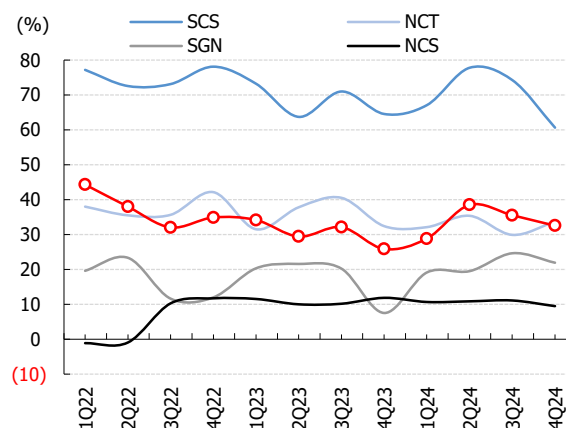
¹ Our estimates are based on VJC and HVN's reported passengers carried, compared against the sheduled seats (data from OAG) of the 2 in that period.

Figure 11. Total NPAT surged 53% YoY



Source: Company data, KIS Research

Figure 12. Aggregated OPM improved



Source: Company data, KIS Research

II. Expect for a vibrant 2025F

Demand - Stronger economy fuels a more vibrant industry

CAAV's latest report showed that the total domestic and international air passenger surged 50% and 80%, respectively. In addition to the growing trend of international travel, the domestic demand has significantly improved when airfare eased as supply increased. We still maintain our forecast for 2025F that air passenger and air traffic to grow at 12% and 15% respectively (figures 15 and 16) by following key points:

- (1) **Domestic market.** Intage's latest survey indicated a generally optimistic consumer outlook on the economy (figure 13). However, consumers still remain cautious about spending (figure 14). While the stimulative effects of government spending may take time to materialize, we anticipate a recovery in consumer confidence in 2025F. The increase in domestic passengers carried during Tet holiday did support our view by far.
- (2) **International market.** We anticipate international arrivals are expected to grow by 20% in 2025F, matching pre-pandemic trends. Outbound travel (excluding China) should fully recover, supported by IATA's forecast of a 1.8% drop in global airfares and Vietnam's strong tourism appeal. Encouragingly, Jan-25 overseas arrivals reached 2.1mn (+37% YoY), with Chinese tourists up 137% YoY, exceeding Jan-19 levels by 46%. The 2025 Vietnam-China diplomatic anniversary is set to further boost Chinese tourism and overall arrivals in 2025F

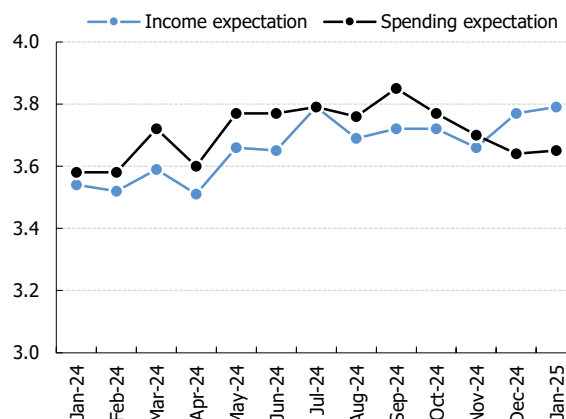
CAAV's report on domestic demand recovery supports our view of cautious consumer spending. Increased supply (figures 17 and 18) has driven airfares down to reasonable prices, leading to increased domestic passenger traffic. This recovery of domestic demand, combined with a renewed growth phase in Chinese arrivals, will benefit airport operators and aviation service companies.

Figure 13. Consumers are more optimistic about the overall economic outlook



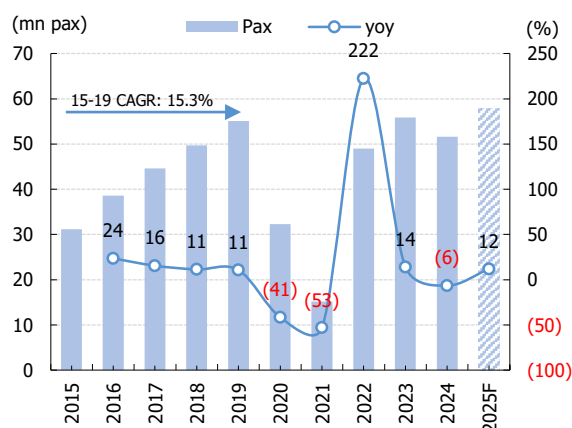
Source: Intage, KIS Research
 Note: 1-Totally worsen, 2-Somewhat worsen, 3-Neutral, 4-Somewhat improve, 5-Totally improve

Figure 14. ... consumers are still cautious about spending



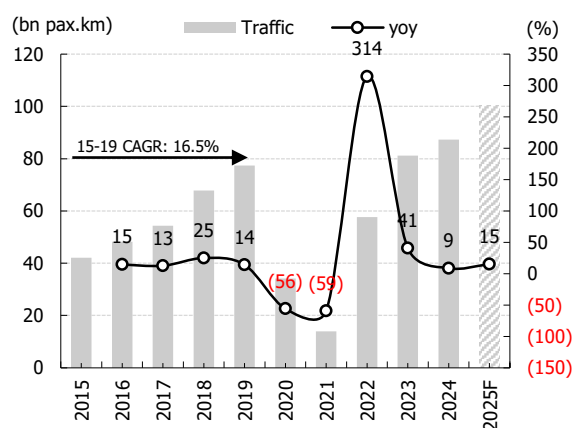
Source: Intage, KIS Research
 Note: 1-Totally decrease, 2-Somewhat decrease, 3-Neutral, 4-Somewhat increase, 5-Totally increase

Figure 15. Total air passengers are expected to increase 8% YoY thanks to lower airfares



Source: GSO, KIS Research

Figure 16. Domestic would drive traffic growth as overseas competition increases



Source: GSO, KIS Research

OPM is expected to narrow in 1Q25F

Better in load factor

The recovery in domestic passengers during the Tet holiday, coupled with the return of Chinese arrivals in Jan-25, suggests strong 1Q25 results, driven by improved operating leverage compared to 4Q24, during which VJC and HVN received 11 out of total 15 aircraft delivered in 2024F. However, airlines' OPM is expected to narrow as capacity constraints ease, preventing them from charging such inflated prices.

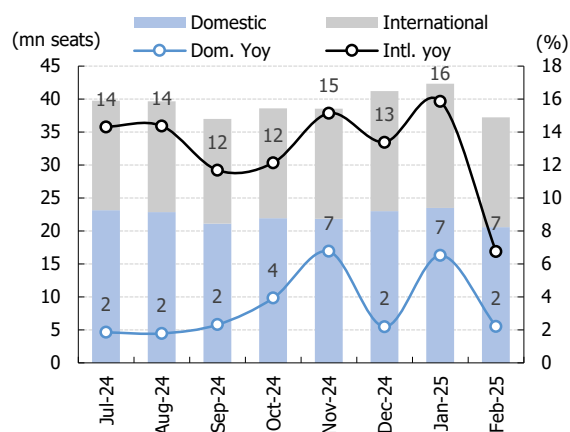
... but couldn't offset the decline in airfares

Global aircraft shortage continues, but the most pressured period has passed: Boeing and Airbus production, though slightly increased in recent months, remains far below pre-pandemic levels due to supply chain constraints. The number of grounded PW1100G-powered aircraft has stabilized indicating a potential increase in supply and drive down airfares throughout 2025F.

In Vietnam, the grounded aircraft in Vietnam have peaked. By far, the fleet recovery is following our view with 4.5% YTD growth in operational fleet, and

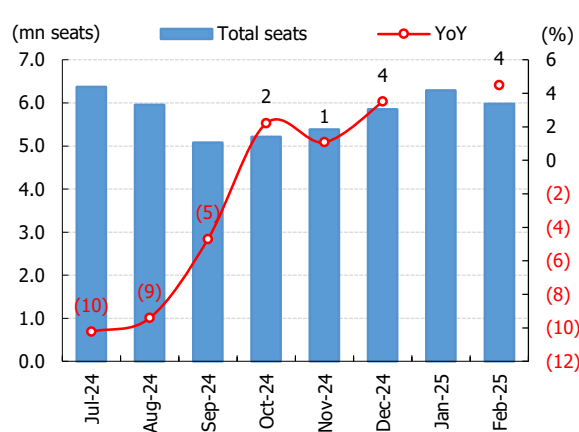
the capacity recovery would speed up to reach 13-14% YTD growth by end of 2025. This makes it difficult for airlines to charge such inflated prices like in 1Q24. This could be a risk of narrowing profit margins for airlines in 1Q25F and the whole year of 2025F.

Figure 17. SEA airlines added more international seats in 4Q24



Source: OAG, KIS Research

Figure 18. Vietnam's total seats have recovered for 2 months



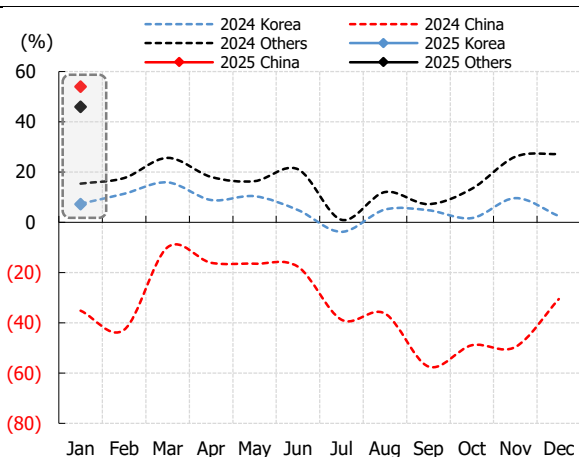
Source: OAG, KIS Research

Figure 19. Overseas arrivals growth in Jan-25

	Korea	China	Taiwan	India	USA	Malay.	Japan
Jan-25	0%	137%	9%	5%	22%	-11%	19%
Dec-24	17%	66%	20%	40%	26%	6%	-11%
Nov-24	26%	68%	26%	33%	16%	3%	21%
Oct-24	14%	66%	19%	15%	16%	-7%	3%
Sep-24	15%	49%	35%	33%	7%	6%	4%
Aug-24	9%	45%	42%	20%	-11%	6%	23%
Jul-24	8%	38%	10%	0%	-12%	-10%	5%
Jun-24	16%	81%	43%	7%	-3%	-3%	25%
May-24	42%	143%	90%	32%	11%	-22%	22%
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Mar-24	55%	408%	143%	53%	29%	21%	53%
Feb-24	42%	437%	94%	42%	15%	23%	29%

Source: GSO, KIS Research

Figure 20. Outstanding recovery of Chinese arrivals



Source: GSO, KIS Research

Jet fuel prices stabilizing

IATA's forecast of global jet fuel to average at USD87/bbl, however, we anticipate USD90/bbl in 2025F due to regional factors and heightened global uncertainty (see more in [2025 Outlook report](#)). Jet fuel prices in Jan-25 averaged at USD93.7/bbl (-8% YoY) and exhibited low volatility. This should also support lower airfares as Vietnamese carriers have limited ability to pass on costs to customers. However, we assess that this factor doesn't affect on airline OPM.

Operating profits to decline

Based on the analysis of revenue and OPM prospects in 2025F, we estimate that the industry's overall operating profit is likely to be less robust than in 2024.

III. 4Q24 results of listed enterprises

1. Airlines

HVN – Another debt write-off

In 4Q24, HVN posted revenue of VND26.6tn (+11% YoY, figure 21) and VND1tn NPAT (vs VND2tn NPAT loss in 4Q23). HVN carried 5.5mn passengers in 4Q24 (+5% YoY) despite the 13% YoY smaller fleet thanks to CAAV's increased flight schedules and gaining market share. See the earnings breakdown in Table 3:

Table 3. HVN's 4Q24 earnings breakdown

(VND bn, %)

	4Q24	4Q23	YoY	
Revenue	26,625	23,973	11.1	
Transport	20,913	18,382	13.8	Around 91 aircraft were operated during 4Q24 (-8% YoY), HVN carried 5.5mn pax (+5% YoY)
Sales of goods	4,138	4,265	(3.0)	
Auxiliaries	1,131	849	33.1	
Others	647	706	(8.4)	
Gross profit	4,377	(347)	-	
Operating profit	3,130	(1,862)	-	
NPAT	1,004	(2,042)	-	

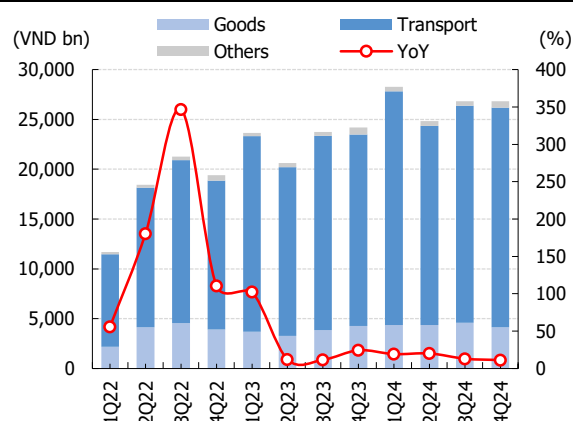
Source: Company Data, KIS Research

HVN's margins in 4Q24 all improved compared to 4Q23. GPM jumped to 16.4% (+6.1%p QoQ, +17.9%p YoY, figure 22). This was driven by a stable load factor, estimated to be roughly the same as Q3 2024, coupled with a substantial increase in international arrivals during the fourth quarter.

SG&A expenses soared to VND2.2tn (vs VND1.5tn in 4Q23), and OPM widened on YoY basis (+15.8%p) and on QoQ basis (+3.6%p).

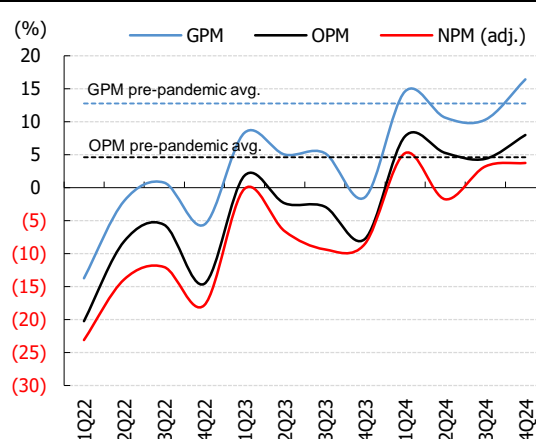
HVN recorded VND650bn fx loss (vs VND53bn fx gains in 3Q23) as the USDVND rate spiked up and HVN also received liabilities reliefs from the government and clients and recorded a VND528bn debt write-off. As a result, HVN's NPAT soared to VND1tn (vs VND2tn loss in 4Q23). Excluding abnormal amounts, normalized NPM back to positive territory at 2% (+10.5%p YoY).

Figure 21. HVN's 4Q24 net revenue up 11% YoY



Source: Company Data, KIS Research

Figure 22. All margins turned back to positive



Note: We excluded debt write-off gains
Source: Company Data, KIS Research

VJC – Unexpected loss in core business

In 4Q24, VJC's net revenue rose to VND19.8tn (+28% YoY, figure 23) and NPAT skyrocketed to VND571bn, but aircraft sales was the main driver of 4Q24 revenue and profit growth. VJC carried 6.3 million passengers (-2% YoY), despite operating with a 7% smaller fleet. Similar to Vietnam Airlines, this was achieved through increased flight schedules approved by the CAAV and VJC's expanded market share. See the earnings breakdown in Table 4:

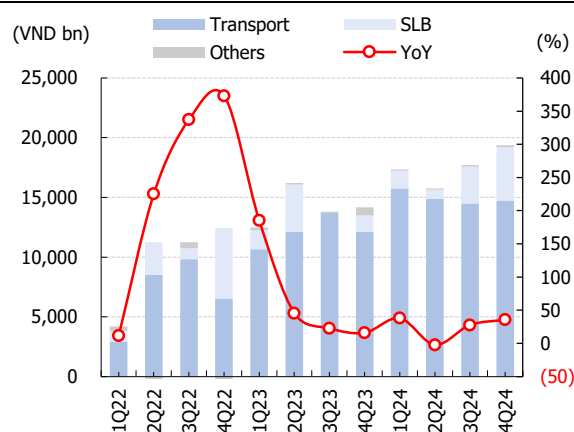
Table 4. VJC's 4Q24 earnings breakdown (VND bn, %)

	4Q24	4Q23	YoY	
Revenue	19,797	14,603	35.6	
Transport	14,499	13,684	21.7	Around 75 aircraft were operated during 3Q24 (-7% YoY)*, VJC carried 6.5mn pax (-2% YoY)
Domestic	2,934	2,678	9.5	Carried 4mn pax (-13% YoY)
International & charter	8,345	5,191	55.5	Carried 2.3mn pax (+28% YoY).
Cargo & Ancillary	6,598	6,082	8.5	
Aircraft	4,488	1,407	218.9	VJC received 8 aircraft (2.7x vs 4Q23)
Dry lease	419	438	(4.5)	
Others	167	657	(74.7)	
Gross profit	1,010	(499)	-	
Transport	83	(1,217)	-	
Aircraft	1,055	342	208.7	
Others	(127)	377	(133.8)	
Operating profit	(142)	(1,518)	-	
NPAT	21	39	(45.6)	

Source: Company Data, KIS Research

VJC's transport GPM fell sharply to just 0.5% (-7.0%p QoQ, +8.5%p YoY, figure 24) which was unusual compared to 3Q24. Our estimates show that VJC's load factor (*passengers carried/total seats*) in 4Q24 has decreased by 6%p, hindering the effective utilization of operating leverage from fleet expansion. SG&A expenses increased to 1.1tn (13% YoY), however, this is not much of an increase, OPM was largely impacted by unusually low GPM. VJC's. Despite the GPM pressure, NPAT was positively impacted by a VND827bn reversal of financial expenses and VND121 bn in net other income.

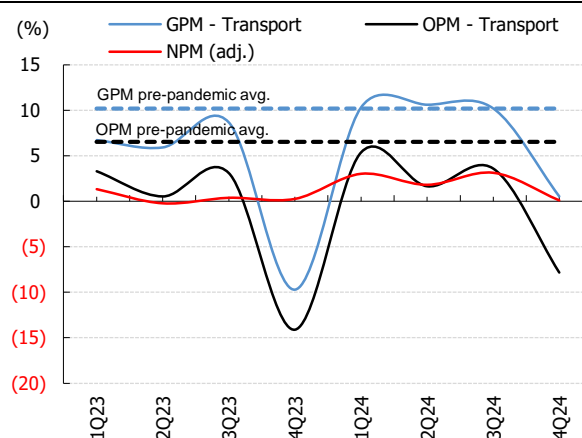
Figure 23. VJC's 4Q24 revenue up 28% YoY, mostly from aircraft sales



Source: Company Data, KIS Research

Note: Large aircraft sales in 2Q23 led to negative growth in 2Q24

Figure 24. VJC couldn't maintain high margin it had in 1Q24



Source: Company Data, KIS Research

Note: We added back the VND295bn provision reversal in 3Q24

2. Airport

ACV – Doubtful receivables stop hiking

In 4Q24, ACV posted revenue of VND5.7tn (+14% YoY, figure 25) and VND3.1bn NPAT (+118% YoY). 25.5mn passengers (+3.1% YoY) have been through ACV's airports, total takeoff/landings reached 156k (-3.5% YoY). See earnings breakdown in Table 5:

Table 5. ACV's 4Q24 earnings breakdown

(VND bn, %)

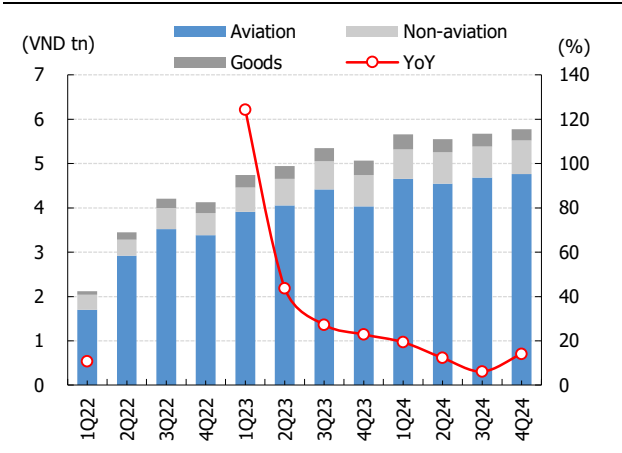
	4Q24	4Q23	YoY
Net Revenue	5,721	5,013	14.1
Aviation Services	4,764	4,033	18.1
Passenger (PSC)	2,757	2,304	19.6
Takeoff/Landing (T/L)	721	639	12.9
Others	1,286	1,089	18.1
Non-aviation services	700	755	6.5
Goods	288	255	(21.6)
Gross profit	3,112	2,635	18.1
Services	3,023	2,543	18.9
Goods	142	147	(3.3)
Operating profit	2,814	1,156	143.5
NPAT	3,089	1,459	117.7
Doubtful receivables provision²	160	(1,156)	
Vietjet Air	27	445	
Vietnam Airlines	191	(117)	
Pacific Airlines	(1)	(287)	
Bamboo Airways	(35)	(1,703)	
Vietravel Airlines	(21)	(134)	
FX gains/(losses)	632	219	
JPY/VND	162.5	172.3	
% of OP	22.5	19.0	

Source: Company Data, KIS Research

Note: (1) estimates from ACV's announcements; (2) decline/(increase) in provision balance

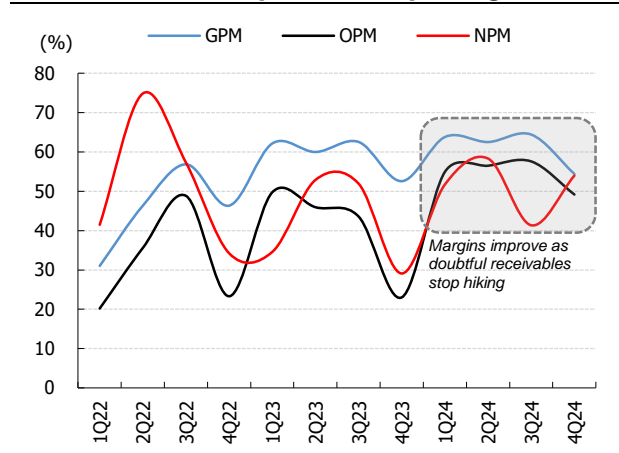
ACV's GPM improved to 10.2% (-15.5%p QoQ, +3.5%p YoY, figure 26). This improvement was driven by increased passenger volume and higher fees charged to international flights/passengers. SG&A expenses substantially reduced to VND298bn (-80% YoY) as provision for doubtful debts ceasing to increase and some clients began payments in 2H24. This resulted in soaring OPM (+113%p YoY) and NPM (+85%p YoY). For 2024, ACV recorded VND1.58tn NPAT (fulfilling 111%/153% of the year guidance).

Figure 25. ACV's revenue up 14% YoY



Source: Company Data, KIS Research

Figure 26. All margins improve throughout 2024 as doubtful receivables provision stop hiking



Source: Company Data, KIS Research

3. Aviation Services

SCS – New customer to support growth

In 4Q24, SCS posted revenue of VND294bn (+13% YoY, figure 27) and VND170bn NPAT (+33% YoY) thanks to the increase in cargo handled (73k tons, +37% YoY). See earnings breakdown in Table 6:

Table 6. SCS's 4Q24 earnings breakdown (VND bn, %)

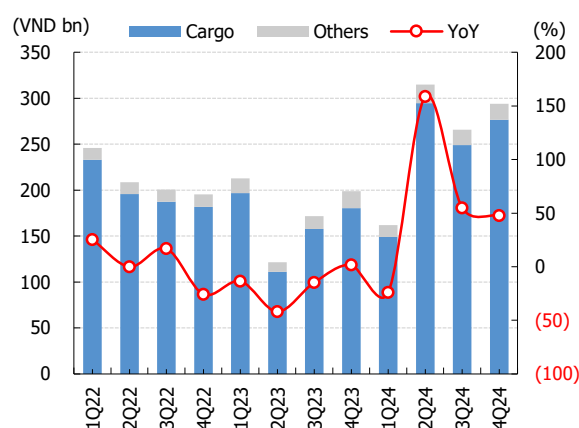
	4Q24	4Q23	YoY
Revenue	294	199	47.9
Cargo terminal	277	181	53.3
Others	17	18	(5.5)
Gross profit	207	144	43.3
Cargo terminal	194	131	48.9
Others	12	14	(9.6)
Operating profit	178	128	38.9
NPAT	170	128	32.6

SCS handled 73,070 tons of air cargo (+37% YoY), surpassing all Q4 volumes, thanks to contract with a new customer – Qatar Airways

Source: Company Data, KIS Research

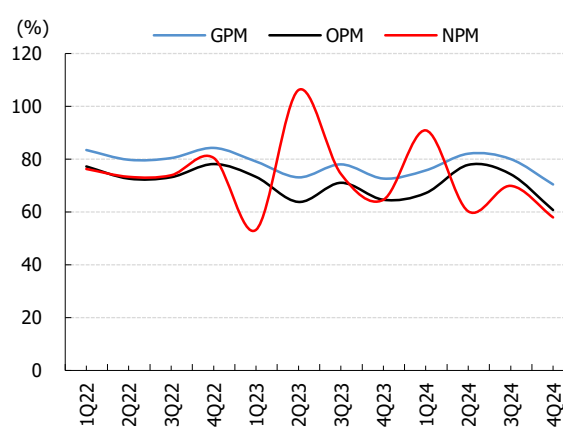
Despite the revenue growth, SCS's GPM contracted to 70.4% (-12.1%p QoQ, -3.1%p YoY, figure 28). This margin compression also impacted OPM and NPM, which fell to 60.7% (-6.1%p YoY) and 57.9% (-10.4% YoY), respectively. Margins narrowed in 4Q24 are attributed to a doubling of labor expenses, likely due to bonuses awarded in light of SCS's strong overall performance for the year. For 2024, SCS achieved VND693bn NPAT (fulfilling 120%/102% of the year guidance).

Figure 27. SCS's 4Q24 revenue surge 48% YoY thanks to new customer



Source: Company Data, KIS Research

Figure 28. SCS's margins in 4Q24 declined due to a significant increase in labor expenses



Source: Company Data, KIS Research

NCT – Stable margins post-recovery

NCT reported strong 4Q24 results, with revenue soaring to VND278bn (+37% YoY, figure 29). This was driven by a 20% YoY rise in cargo volume handled. NPAT also surged to VND77bn (+42% YoY). See earnings breakdown in Table 7:

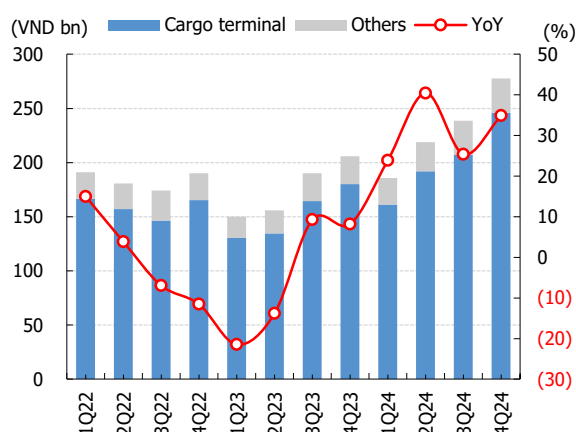
Table 7. NCT's 4Q24 earnings breakdown (VND bn, %)

	4Q24	4Q23	YoY	
Revenue	278	206	34.9	
Cargo terminal	216	155	36.6	Cargo handled in 4Q24 increased ~20% YoY
Others	62	51	21.8	
Gross profit	122	95	27.8	
Operating profit	94	67	40.3	
NPAT	77	54	42.3	

Source: Company Data, KIS Research

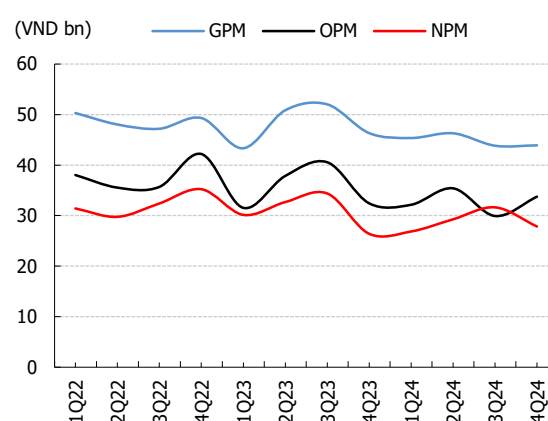
NCT maintained a stable throughout 2024 (+0.1%P QoQ, -2.4%p YoY), OPM saw a modest improvement to 33.7% (+3.8%P QoQ, +1.3%P YoY, figure 30). NCT received VND17bn dividends in 3Q24, resulted in improved NPM on YoY basis (+1.5%p) but narrowed NPM on QoQ basis (-3.8%p). For 2024, NCT recorded VND331bn NPAT (fulfilling 116%/122% of the year guidance).

Figure 29. NCT's revenue up 35% YoY



Source: Company Data, KIS Research

Figure 30. Margins remained stable throughout 2024



Source: Company Data, KIS Research

SGN – Profit tripled thanks to provision reversal

In 4Q24, SGN posted revenue of VND390bn (+7% YoY, figure 31) and VND85bn NPAT (+214% YoY). See earnings breakdown in Table 8:

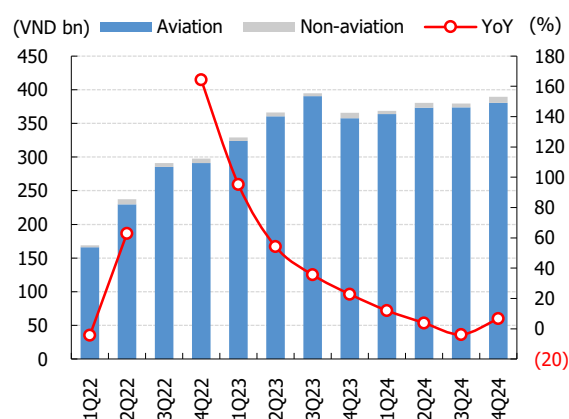
Table 8. SGN's 4Q24 earnings breakdown (VND bn, %)

	4Q24	4Q23	YoY
Revenue	390	366	6.6
Aviation Services	381	358	6.4
Non-aviation Services	9	8	14.3
Gross profit	125	114	9.4
Operating profit	86	28	209.5
			<i>SGN reversed VND4.8bn doubtful receivables provision for Bamboo and Vietravel (vs VND55.2bn provision in 4Q23)</i>
NPAT	85	27	216.6

Source: Company Data, KIS Research

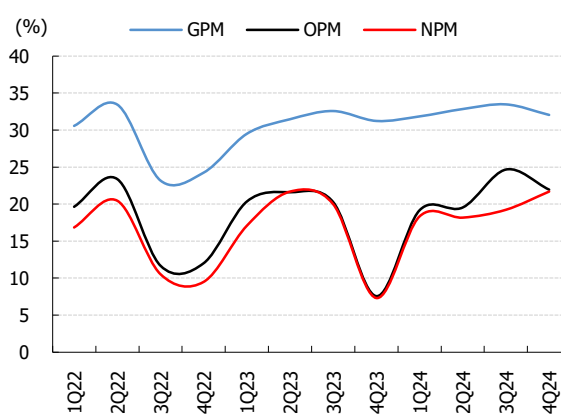
SGN's GPM remains stable around 32% throughout the year, a trend also reflected in its operating profit margin. During 2H24, the company recovered some doubtful receivables from clients, resulting in a VND4.8bn reversal in 4Q24 (vs VND55bn provision in 4Q23). This recovery significantly boosted NPM, tripling it to 21.7% (+14.4%p YoY, figure 32). For 2024, SGN recorded VND270bn NPAT (fulfilling 101%/123% of the year guidance).

Figure 31. SGN's revenue up 7% YoY



Source: Company Data, KIS Research

Figure 32. OPM and NPM widened thanks to the reversal of doubtful receivables



Source: Company Data, KIS Research

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