

Aviation

Sweet spot

Domestic rebounds, China fuels inbound growth

The air traffic and passenger numbers both grew 6% YoY in 1Q25 thanks to both rising international travel and domestic market recovery. Total overseas arrivals 6.02mn reached (+30% YoY). Strong growth continues thanks to high demand from China market, smaller market also saw strong growth. Many cultural and tourism programs held by both Vietnam and China since 2024 helped boost bilateral exchange between the two. Outbound passenger numbers rebounded in 1Q25, approaching positive growth.

Airlines – Lower fuel costs boosting profits growth

1Q25 airline revenue (HVN & VJC) rose 10% YoY to VND43.4tn, with a VND4.1tn NPAT (+19% YoY). Overall airline OP posted at VND5.7tn (+87% YoY) and OPM reached 11.9% (+10.7%p QoQ, +4.5%p YoY), a significant improvement from two main carriers. Both carriers experienced a favorable time with declining fuel prices (-12% YoY), and significant increase in capacity from 4Q24 helped lower airfares and revived domestic demand.

Aviation services – Profits soar on rising passenger volume

Aviation service companies continued to benefit from increased international and the revival of domestic passengers. Total revenue of 5 leading companies posted at VND1.9tn (+20% YoY, figure 10), margins improved and NPAT jumped to VND443bn (+36% YoY). This positive performance is also mirrored in ACV's earnings, which reported VND6.35tn revenue (+13% YoY) and VND3.12tn NPAT (+7% YoY).

Airport – Robust performance

ACV posted robust performance with VND6.35tn revenue (+13% YoY, figure 25) and VND3.1bn NPAT (+118% YoY). This growth was primarily driven by the rise in international passengers and the rebound of domestic passenger, totaling 29.9mn (+7% YoY). This improvement can attributed to the recovery of domestic market and steady growth in international passengers.

Clear skies in 2Q25F

Despite weaker consumer confidence, increased airline capacity has driven down airfares and attracted more passengers, supporting strong inbound tourism growth. We expect the domestic market to continue its recovery, while international travel gains momentum with the return of Chinese tourists and a rebound in outbound travel. With rising demand and lower fuel prices, 2Q25F OPM is expected to improve compared to 2Q24.

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

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Table 1. Coverage valuation

Recommendation & TP			Earning & Valuation										
Company				Sales	OP	NP	EPS	BPS	ROE	ROA	PE	PB	EV/EBITDA
				(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	37,950	2021A	27,911	(12,937)	(12,908)	(6,960)	681	(329.3)	(20.5)	-	34.0	-
	Market cap		2022A	70,410	(7,840)	(11,298)	(5,102)	(5,222)	-	(18.3)	-	-	-
	(VND bn)		2023A	91,540	(2,587)	(5,930)	(2,678)	(7,910)	-	(10.0)	-	-	29.9
			2024A	105,942	6,813	7,564	3,416	(4,523)	-	13.1	8.4	-	6.6
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	89,500	2021A	12,875	(3,012)	75	147	31,082	0.5	0.2	870.1	4.1	-
	Market cap		2022A	40,142	(3,464)	(2,262)	(4,178)	27,470	(14.3)	(3.8)	-	4.0	-
	(VND bn)		2023A	58,341	(529)	231	426	28,123	1.5	0.3	234.4	3.6	-
			2024A	72,045	3,161	1,403	2,590	31,566	8.7	1.5	38.6	3.2	23.4
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	96,800	2021A	4,752	(2,102)	480	363	17,277	1.3	0.9	239.8	5.0	397.6
	Market cap		2022A	13,805	4,645	7,232	2,991	20,147	16.0	12.6	28.3	4.2	23.3
	(VND bn)		2023A	19,998	8,097	8,460	2,953	23,133	18.0	13.3	19.9	2.9	12.0
			2024A	22,597	12,461	11,664	4,787	27,554	21.1	16.1	26.3	4.6	17.4
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	64,000	2021A	839	574	564	6,003	12,542	53.1	44.9	11.8	5.6	12.2
	Market cap		2022A	851	641	646	6,505	14,505	48.1	43.5	9.9	4.5	9.1
	(VND bn)		2023A	705	484	498	5,280	13,423	37.9	30.6	12.3	4.8	11.0
			2024A	1,037	730	693	7,302	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	104,000	2021A	742	272	224	8,546	17,479	51.6	42.3	7.5	3.7	6.2
	Market cap		2022A	736	279	237	8,646	16,523	53.3	45.0	8.6	4.5	6.5
	(VND bn)		2023A	702	251	217	8,286	16,564	50.1	41.1	10.1	5.1	7.1
			2024A	921	302	266	10,183	21,340	53.7	41.1	11.3	5.4	7.8
Saigon Ground Services JSC (SGN)	TP	N/A	2020A	731	95	88	2,554	24,727	10.0	7.7	24.1	2.5	9.7
	Price	66,100	2021A	488	50	54	1,597	23,135	6.7	5.4	40.2	2.8	11.7
	Market cap		2022A	995	159	138	4,115	23,905	17.5	13.7	14.3	2.5	6.2
	(VND bn)		2023A	1,456	254	227	6,382	27,983	26.1	19.2	10.4	2.5	5.2
			2024A	1,518	327	271	8,079	32,745	26.6	19.5	10.4	2.6	4.6

Source: Company Data, KIS Research

Table 2: 1Q25 business results

(VNDbn, %)

	Revenue			NPAT		
	1Q25	yoy	qoq	1Q25	yoy	qoq
HVN	30,551	9.3	14.1	1,348.6	(21.5)	247.3
VJC	17,952	0.9	(9.6)	641	19.4	2890.8
ACV	6,350	12.5	10.2	3,120	6.8	(2.1)
SCS	266	64.4	(9.4)	170	15.4	(0.2)
NCT	241	29.8	(13.1)	64	29.2	(16.5)
SGN	418	13.4	7.3	78	15.9	(7.7)

Source: Company data, KIS Research

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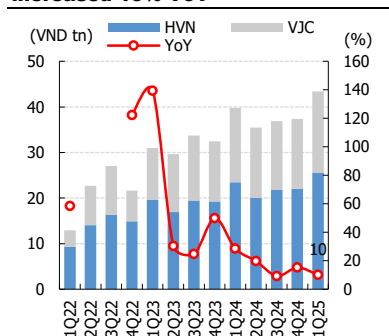
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I. 1Q25 aviation overview

1. Airlines

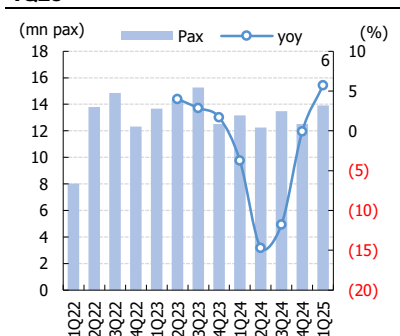
1Q25 air passenger and air traffic simultaneously up 6% YoY as domestic revived and international was remained strong, a change from previous quarters where growth was solely led by the surge in international travel demand (Figure 2, 3, 4). Total airline revenue (HVN and VJC, representing 74% of total scheduled seats) reached VND43.4tn (+10% YoY, figure 1) driven by the traffic growth and generated VND4.1tn NPAT (+19% YoY).

Figure 1. HVN & VJC's 1Q25 revenue increased 10% YoY



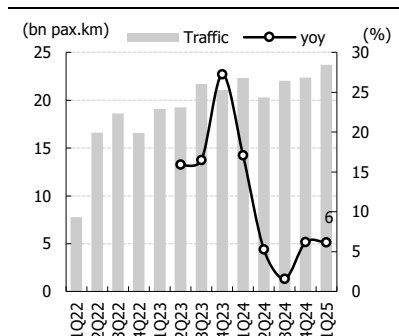
Note: Transportation and ancillary revenue
Source: Company data, KIS Research

Figure 2. Air passengers up 6% YoY in 1Q25



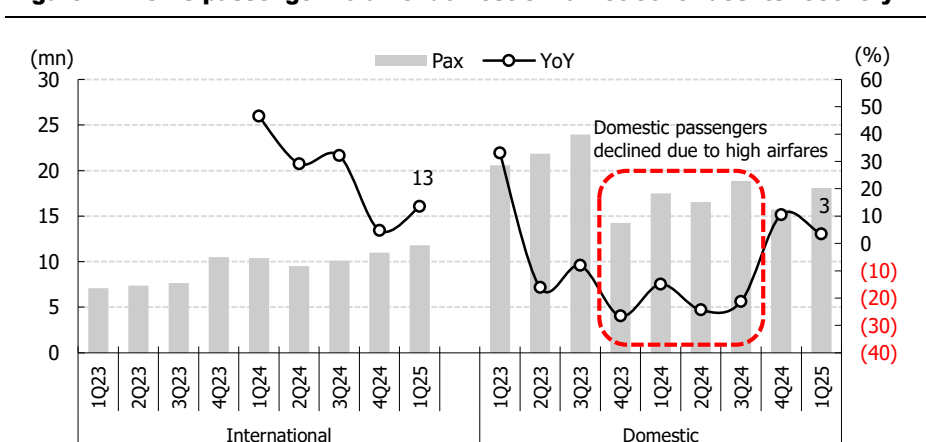
Source: GSO, KIS Research

Figure 3. 1Q25 air traffic up 7% YoY



Source: GSO, KIS Research

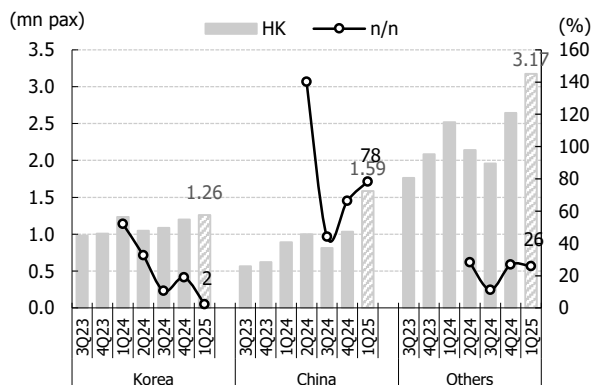
Figure 4 . ACV's passenger volume: domestic market continues its recovery



Source: Company data, KIS Research

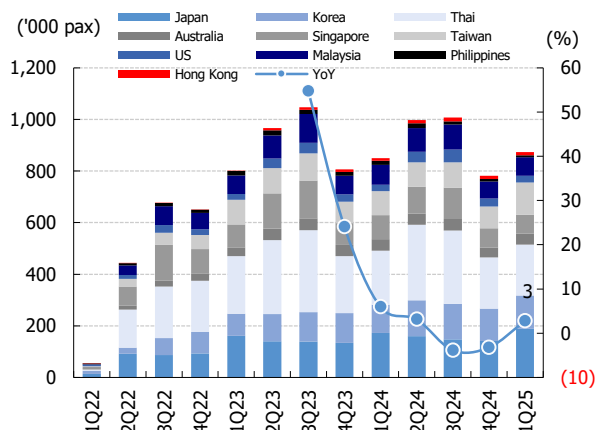
Total overseas arrivals in 1Q25 reached 6.02mn (+30% yoy, figure 5). Strong growth continues thanks to high demand from China market, smaller markets also saw solid growth. A series of cultural and tourism programs held by both Vietnam and China since 2024 helped boosted bilateral exchange between the two. Amid economic challenges in China, Vietnam's low travel costs have made it increasingly appealing to Chinese travelers, with arrivals even surpassing 1Q19. Additionally, outbound passenger volumes rebounded in 1Q25, approaching positive growth (figure 6).

Figure 5. China market was the main driver of 1Q25 overseas arrivals growth



Source: GSO, KIS Research

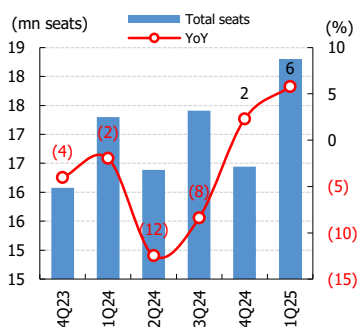
Figure 6. Vietnamese outbound travel rebounded in 1Q25



Source: Countries' Tourism Board, KIS Research

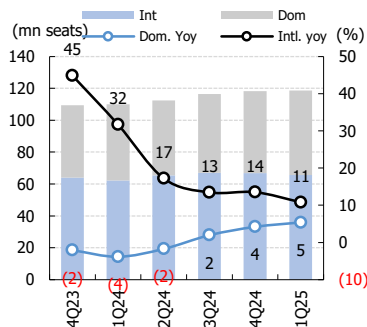
1Q25 total OP of HVN and VJC posted at VND5.7tn (+87% YoY) and OPM reached 11.9% (+10.7%p QoQ, +4.5%p YoY, figure 9), a significant improvement from two main carriers. This notable improvement was supported by two key factors: a 12% YoY decline in fuel prices and a significant capacity expansion starting in 4Q24, which contributed to lower airfares and a recovery in domestic demand – coinciding perfectly with the year's peak travel season. Despite increased capacity deployment by regional carriers, which raised competition concerns, the return of Chinese tourists and effective domestic market strategies supported strong performance by the two major Vietnamese airlines. In contrast, many larger foreign carriers saw profits decline due to rising costs and weak demand in their traditional markets.

Figure 7. Vietnam's total seats in 1Q25 up 6% YoY



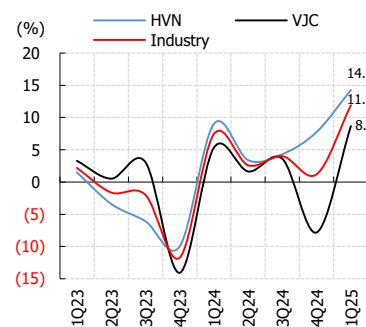
Source: OAG, KIS Research
Note: Seats on flights from/to Vietnam

Figure 8. Carriers in the region are deploying more seats



Source: OAG, KIS Research

Figure 9. Jet fuel leading to OPM expansion



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

2. Aviation services and airport

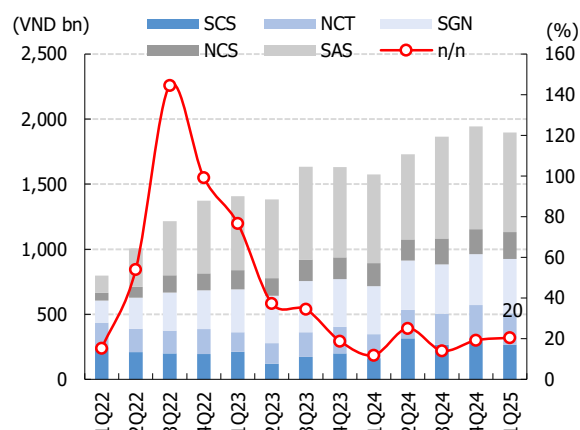
Aviation service companies continued to benefit from increased international and the revival of domestic passengers. Total revenue of five leading companies (SCS, NCT, SGN, NCS and SAS) posted at VND1.9tn (+20% YoY, figure 10) margins improved and NPAT jumped to VND443bn (+36% YoY) (figures 12, 13). This positive performance is also mirrored in ACV's earnings, which reported VND6.35tn revenue (+13% YoY) and VND3.12tn NPAT (+7% YoY).

Figure 10. Monthly growth of biggest source markets

	Korea	China	Taiwan	India	USA	Malay.	Japan
Mar-25	-4%	79%	11%	38%	2%	-27%	10%
Feb-25	10%	29%	11%	32%	9%	40%	61%
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%
Apr-24	42%	220%	93%	44%	23%	11%	32%

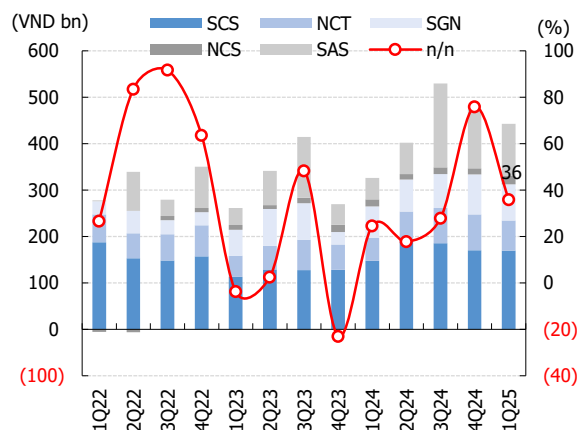
Source: GSO, KIS Research

Figure 11. Total services revenue up 20% YoY



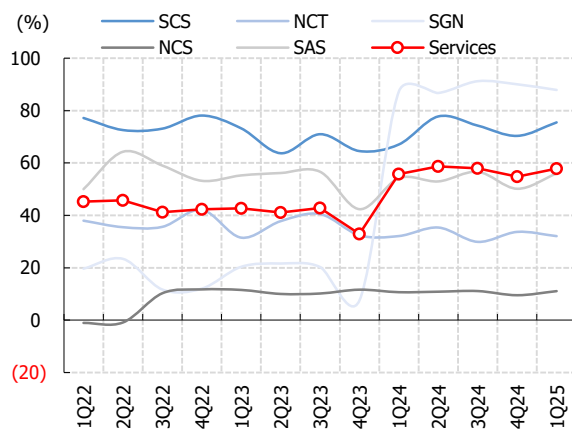
Source: Company data, KIS Research

Figure 12. Total 1Q25 NPAT soared 36% YoY



Source: Company data, KIS Research

Figure 13. Aggregated OPM improved



Source: Company data, KIS Research

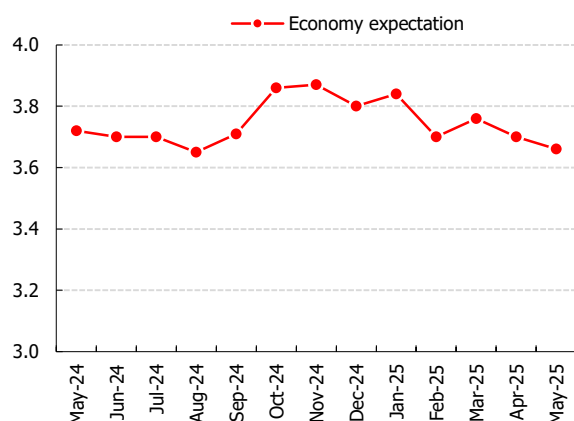
II. Expect for a vibrant 2025F

Demand – Domestic rebounded, Chinese tourists support inbound travel

Up until now, we find the market trend is still following out expectation, except for weaker consumer confidence but increased capacity helped eased airfare and attract more passengers and inbound visitors have solid growth.

- (1) **Domestic market.** Intage's survey (figure 14, 15) indicated weak consumer confidence to persist, consumers also lower their income and spending expectation. We still expect domestic recovery to continue as fuel prices are declining and airlines can offer more affordable prices to stimulate domestic demand.
- (2) **International market.** We expect the number of Chinese tourists would continue to grow, along growth from other smaller markets. As economic conditions soften, Vietnam's scenic destinations and affordable travel costs are becoming increasingly attractive to international visitors.

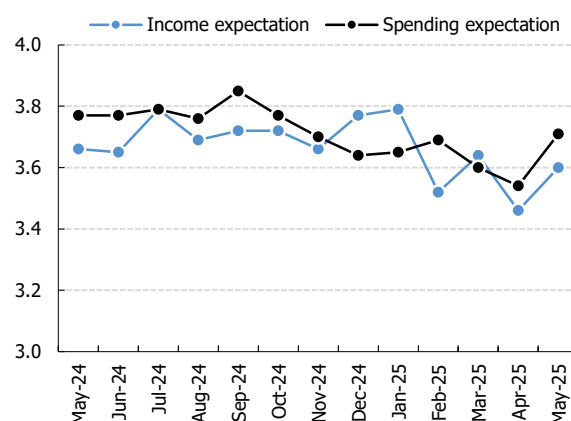
Figure 14. Consumers lower their expectation on economic outlook



Source: Intage, KIS Research

Note: 1-Totally worsen, 2-Somewhat worsen, 3-Neutral, 4-Somewhat improve, 5-Totally improve

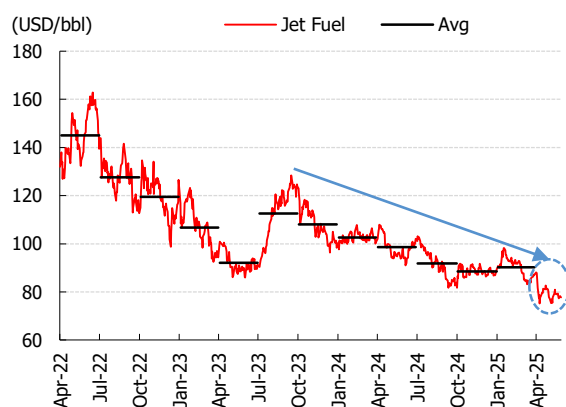
Figure 15. ... consumers are still cautious with spending



Source: Intage, KIS Research

Note: 1-Totally decrease, 2-Somewhat decrease, 3-Neutral, 4-Somewhat increase, 5-Totally increase

Figure 16. Jet fuel on declining trend



Source: GSO, KIS Research

Figure 17. China market is recovering, India is growing quickly

	Korea	China	Taiwan	India	USA	Malay.	Japan
Apr-25	-11%	3%	-8%	45%	-6%	8%	-5%
Mar-25	-4%	79%	11%	38%	2%	-27%	10%
Feb-25	10%	29%	11%	32%	9%	40%	61%
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%

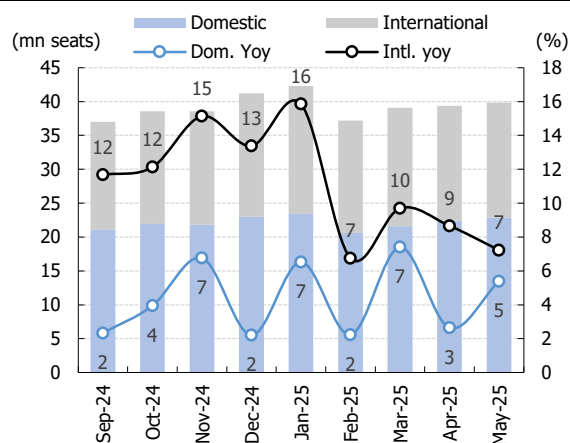
Source: GSO, KIS Research

Supply – More aircraft deliveries, airlines actively deploy more seats

We've observed a growing trend of tourists choosing Vietnam for their travel experiences. Concurrently, HVN and VJC are expanding their routes to new markets outside Southeast Asia and significantly increasing flight frequencies to India, China, and Japan. This is driven by (1) the rapidly growing number of Indian traveler and (2) lower travel costs visiting China and Japan, while Southeast Asian destinations are becoming less favored by Vietnamese tourists.

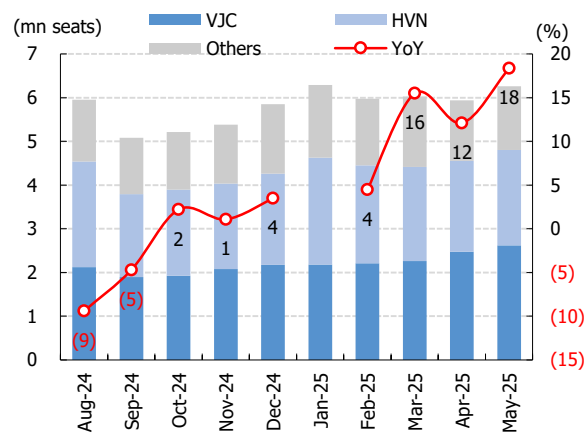
VJC expanded its fleet by taking delivery of four new aircraft in April and May, with 2 more deliveries anticipated later this year. In contrast, Vietnam Airlines currently has no plans to add new aircraft this year. VJC's cost-efficiency is further enhanced by its independent ground handling operations at SGN and favorable fuel price reductions, enabling it to increase operational capacity throughout the current year and offer more affordable airfares.

Figure 18. SEA airlines added more seats in 2Q25



Source: OAG, KIS Research

Figure 19. Vietnamese carriers continue to add more seats in 2Q25



Source: OAG, KIS Research

OPM is expected to improve in 2Q25

2Q24 was characterized by high airfares and weak seasonal demand, which led to a decline in passenger volumes and contract. In contrast, we expect the market to be more favorable time, supported by the recovery in domestic market and continued growth in international travel. Additionally, the sharp decline in fuel prices is enabling airlines to find balance between fares and passenger volumes, helping to sustain competitive profitability levels. As a result, we anticipate an improvement in operating profit margin (OPM) compared to 2Q24.

III. 1Q25 results of listed enterprises

1. Airlines

HVN – Lower fuel prices boosted profits

In 1Q25, HVN posted net revenue of VND30.6tn (+9% YoY, figure 20) and VND3.5tn NPAT (-22% YoY). Despite a 2% smaller fleet, HVN transported 6.2mn passengers in (+8% YoY) thanks to stronger market sentiment, led to improved operating leverage. See the earnings breakdown in Table 3:

Table 3. HVN's 1Q25 earnings breakdown (VND bn, %, %p)

	1Q25	1Q24	YoY
Revenue	30,551	27,964	9.3
Transport	4,634	4,369	6.1
Sales of goods	24,330	22,551	7.9
Auxiliaries	1,144	899	27.2
Others	519	449	15.6
Gross profit	6,271	4,085	53.5
GPM (%)	20.5	14.6	5.9
Operating profit	4,145	2,178	90.3
OPM (%)	13.6	7.8	5.8
NPAT	3,486	4,441	(21.5)

Aprx. 87 aircraft were operated during 1Q25 (-2% YoY), HVN transported 6.2mn pax (+8% YoY)

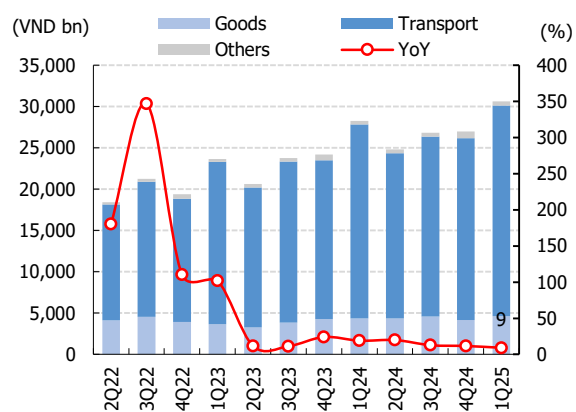
Source: Company Data, KIS Research

GP saw a substantial 54% YoY increase, reaching VND6.7tn. This led to a significant jump in the GPM to 20.5% (+3.9%p QoQ, +5.9%p YoY, figure 21). This notable improvement was primarily driven by enhanced operating leverage and a lower jet fuel prices (-12% YoY) during the quarter.

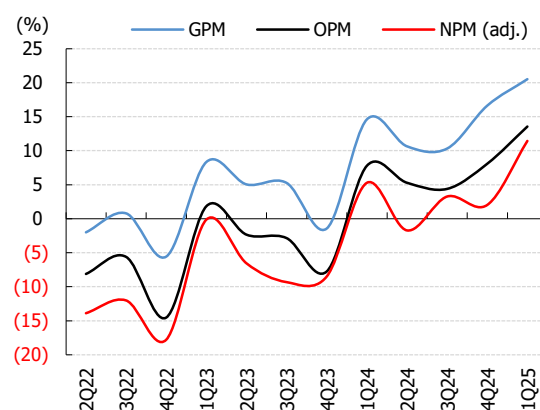
SG&A costs rose 12% YoY to VND2.1tn. Despite this, OP nearly doubled (+90% YoY). Consequently, OPM expanded to 13.6% (+5.5%p QoQ, +5.8%p YoY).

HVN reported VND165bn FX loss, significantly less than VND647bn loss in 1Q24. Additionally, interests and other financial expenses were 34% lower.

While reported NPAT was VND3.5tn (-22% YoY) but was impacted by substantial debt write-offs in 1Q24. Excluding these abnormal amounts, NPAT actually up 137% YoY and NPM widened to 11.4% (+9.4%p QoQ, +6.2%p YoY).

Figure 20. HVN's 1Q25 net revenue up 9% YoY

Source: Company Data, KIS Research

Figure 21. All margins expandedNote: We excluded debt write-off gains
Source: Company Data, KIS Research

VJC – Increased capacity to capture high demand

In 1Q25, VJC's net revenue inched up to VND18tn (+1% YoY, figure 22). This modest growth was due to no aircraft deliveries in 1Q25, though transport revenue was up 10% YoY. NPAT increased 19% YoY to VND641bn. VJC transported 6.9mn passengers (+9% YoY), while fleet grew by 6% YoY. Similar to HVN, this was achieved through increased flight schedules and expanded market share. See the earnings breakdown in Table 4:

Table 4. VJC's 1Q25 earnings breakdown (VND bn, %)

	1Q25	1Q24	YoY
Revenue	17,952	17,792	0.9
Transport	17,408	15,743	10.6
Domestic	4,549	3,756	21.1
International & charter	6,635	6,402	3.6
Cargo & Ancillary	6,223	5,585	11.4
Aircraft	0	1,488	(100.0)
Dry lease	465	452	2.8
Others	79	108	(26.6)
Gross profit	2,404	1,745	37.7
Transport	2,392	1,671	43.1
Aircraft	0	25	(100.0)
Others	12	49	(75.7)
GPM (%)	13.4	10.3	3.1
Operating profit	1,562	898	73.9
OPM (%)	8.7	5.4	3.3
NPAT	641	539	19.4

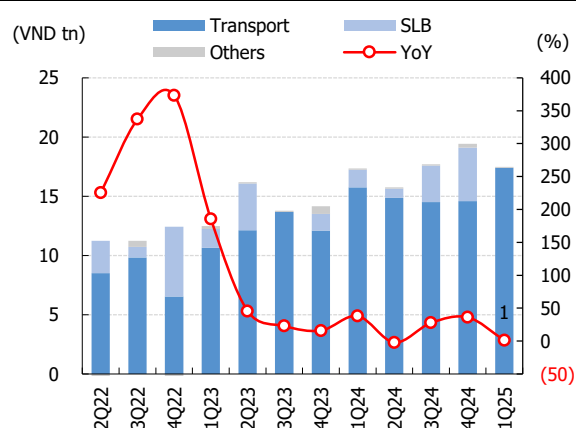
Source: Company Data, KIS Research

VJC's transport GPM jumped to 13.4% (+13.7%p QoQ, +3.1%p YoY, figure 12) thanks to better operating leverage and lower jet fuel prices.

SG&A expenses slightly declined 1% YoY to VND841bn. Coupled with strong core GPM, core OPM expanded to 8.7% (+16.2%p QoQ, +3.3%p YoY).

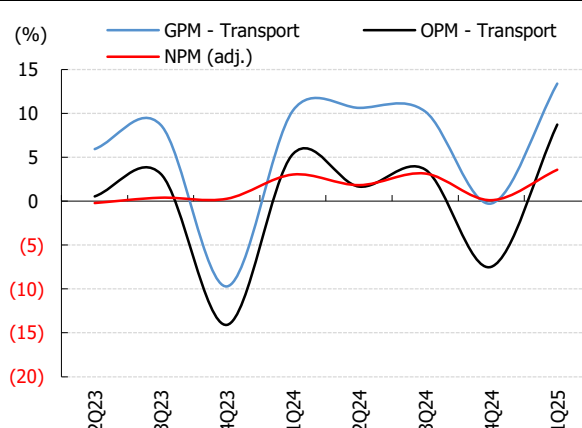
Financial expenses increase due to increases in interest expenses and late payment interests and decline in fx gains.

Figure 22. VJC's 1Q25 revenue up 1% YoY due to no aircraft delivery



Source: Company Data, KIS Research
Note: Large aircraft sales in 2Q23 led to negative growth in 2Q24

Figure 23. ... but margins of core business significantly expanded



Source: Company Data, KIS Research
Note: We added back the VND295bn provision reversal in 3Q24

2. Airport

ACV – Steady passenger growth, solid results

In 1Q25, ACV posted robust performance with VND6.35tn revenue (+13% YoY, figure 24) and VND3.1bn NPAT (+118% YoY). This growth was primarily driven by 7% YoY increase in passengers volume, totaling 29.9mn. This improvement can attributed to the recovery of domestic market and steady growth in international passengers. See earnings breakdown in Table 5:

Table 5. ACV's 1Q25 earnings breakdown (VND bn, %)

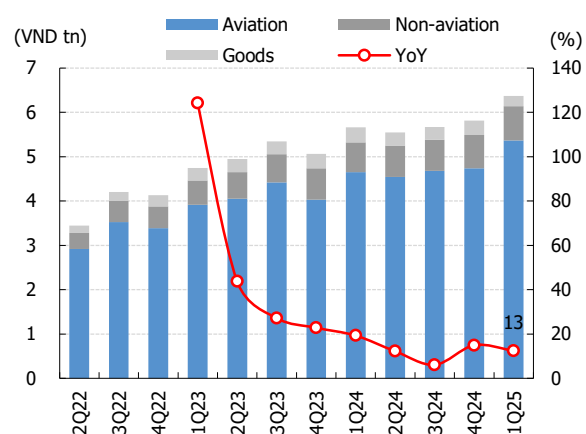
	1Q25	1Q24	YoY
Net Revenue	6,350	5,644	12.5
Aviation Services	5,368	4,655	15.3
Passenger (PSC)	3,163	2,736	15.6
Takeoff/Landing (T/L)	771	692	11.4
Others	1,433	1,226	16.9
Non-aviation services	771	666	15.8
Goods	385	318	(32.4)
Gross profit	4,349	3,600	20.8
Services	4,208	3,436	22.4
Goods	141	164	(13.9)
GPM (%)	68.5	63.8	4.7
Operating profit	3,787	3,102	22.1
OPM (%)	59.6	55.0	4.6
NPAT	3,120	2,921	6.8
Doubtful receivables provision²	(189)	(175)	
Vietjet Air	0	149	
Vietnam Airlines	(46)	(123)	
Pacific Airlines	2	(62)	
Bamboo Airways	(96)	(85)	
Vietravel Airlines	(48)	(54)	
Net FX gains/(losses)	(249)	101	
JPY/VND	171	164	4.3
% of OP	6.6	3.3	

Source: Company Data, KIS Research

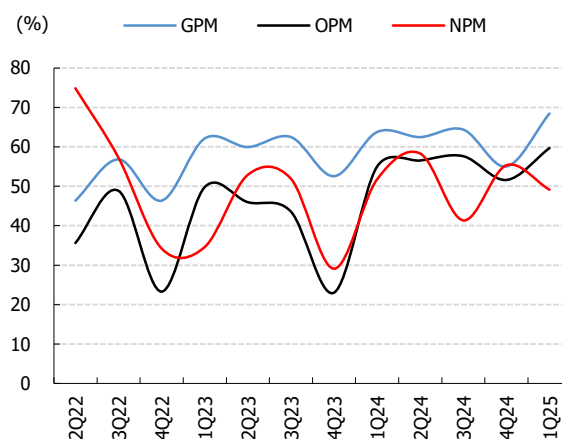
Note: (1) estimates from ACV's announcements; (2) decline/(increase) in provision balance

ACV's GPM sharply improved to 68.5% (+13.4%p QoQ, +4.7%p YoY, figure 25). This improvement was a result of both increased passenger volume and a favorable shift in the passenger mix, with international passengers now accounting for 40% of the total, up from 1Q24's 37%.

SG&A increase 13% YoY to VND561bn due to higher operating costs and provision for overdue receivables. Despite this, OPM expanded to 59.6% (+8.1%p QoQ, +4.7%p YoY).

Figure 24. ACV's revenue up 13% YoY

Source: Company Data, KIS Research

Figure 25. GPM and OPM expanded but and NPM narrowed

Source: Company Data, KIS Research

3. Aviation Services

SCS – Tax incentive expiration to lower profit growth

In 1Q25, SCS reported revenue of VND266bn (+64% YoY, figure 26). However, NPAT grew at more modest 15% YoY, totaling VND170bn. This contrast was primarily due to higher tax expenses following the expiration of 15-year tax incentives. See earnings breakdown in Table 6:

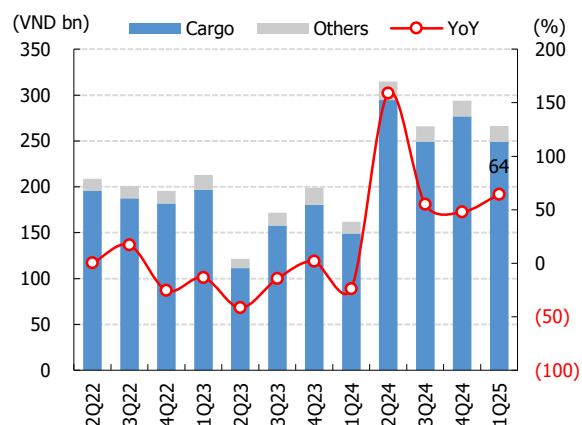
Table 6. SCS's 1Q25 earnings breakdown (VND bn, %)

	1Q25	1Q24	YoY	
Revenue	266	162	64.4	
Cargo terminal	249	149	67.2	Handled 67,343 tons of air cargo (+15% YoY)
Others	17	13	31.5	
Gross profit	216	123	76.1	
Cargo terminal	203	114	78.7	
Others	13	9	43.2	
GPM (%)	81.1	75.7	5.4	
Operating profit	201	109	6.9	
OPM (%)	75.5	67.1	8.4	
NPAT	170	147	15.4	Tax rate increases from 10% to 20%

Source: Company Data, KIS Research

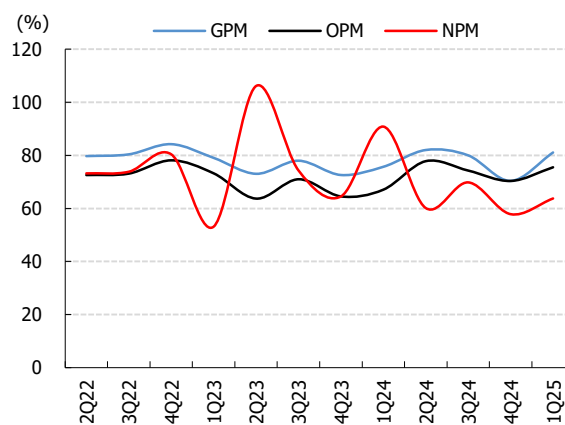
GP soared 76% YoY to VND216bn and GPM expanded to 81.1% (+10.7%p QoQ, +5.4%p YoY, figure 27). SG&A expenses were 7% YoY higher, but OPM still increased to 75.5% (+5.1%p QoQ, +5.4%p YoY). Conversely, NPM substantially narrowed to 63.8% (+5.9%p QoQ, -27.1%p YoY), which is directly attributable to the aforementioned increase in the tax rate.

Figure 26. SCS's 1Q25 revenue surge 64% YoY thanks to new customer



Source: Company Data, KIS Research

Figure 27. NPM was hit due to expiration of tax incentives



Source: Company Data, KIS Research

NCT – Solid cargo volume and 1Q25 results

NCT reported solid 1Q25 results, with revenue and NPAT soaring to VND278bn (+37% YoY) and VND64bn (29% YoY), respectively. This positive outcome was primarily driven by a significant 22.4% YoY rise in handled cargo volume. See earnings breakdown in Table 7:

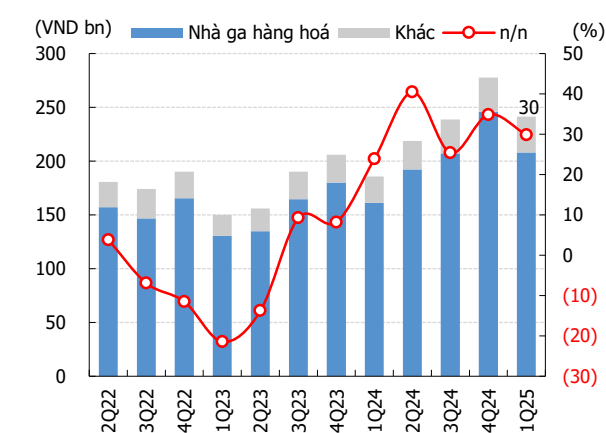
Table 7. NCT's 1Q25 earnings breakdown (VND bn, %)

	1Q25	1Q24	YoY	
Revenue	241	206	29.8	
Cargo terminal	77	139	36.6	Cargo handled increased 22.4% YoY
Others	61	47	29.9	
Gross profit	109	84	28.9	
GPM (%)	45.0	45.3	(0.3)	
Operating profit	77	60	29.7	
OPM (%)	32.1	32.1	(0.0)	
NPAT	64	50	29.2	

Source: Company Data, KIS Research

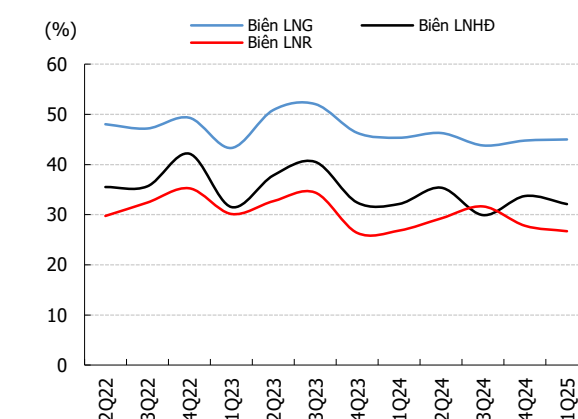
GPM maintained stable in 1Q25 (+0.2%p QoQ, -0.3%p YoY). Rising operating costs led to a slight dip in OPM to 33.7% (-1.6%p QoQ, -0.0%p YoY, figure 29). Minimal changes in financial results and other income resulted in a modest shift in NPM, which slightly decreased to 26.7% (-1.1%p QoQ, -0.1%p YoY).

Figure 28. NCT's revenue up 30% YoY



Source: Company Data, KIS Research

Figure 29. Margins remained stable



Source: Company Data, KIS Research

SGN – Challenges ahead

In 1Q25, SGN posted revenue of VND418bn (+13% YoY, figure 30) and VND85bn NPAT (+16% YoY). See earnings breakdown in Table 8:

Table 8. SGN's 1Q25 earnings breakdown (VND bn, %)

	1Q25	1Q24	YoY
Revenue	418	369	13.4
Aviation Services	411	364	12.9
Non-aviation Services	7	5	51.3
Gross profit	138	118	17.7
GPM (%)	33.1	31.9	1.2
Operating profit	88	71	23.7
OPM (%)	20.9	19.2	1.7
NPAT	78	68	15.9

Source: Company Data, KIS Research

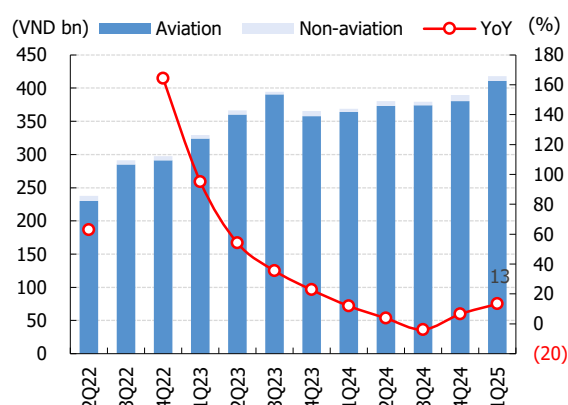
SGN's picked up to 33.1% (+1.0%p QoQ, +1.2%p YoY). Even though the company did not record any significant amount of provisions expenses for Bamboo Airways and Vietravel in 1Q25, rising operating costs led to 9% YoY increase in SG&A expenses, OPM stile increase to 20.9% (-1.1%p QoQ, +1.8%p YoY).

Fx gains in 1Q25 decline 75% YoY to VND2.1bn, partially offset by 82% YoY increase in bank deposit income, leading to 25% YoY lower net financial gains. NPM narrowed to 18.7% (-3.4%P QoQ, +0.4%p YoY).

Vietjet ceased using SGN's ground services, impacting future revenue

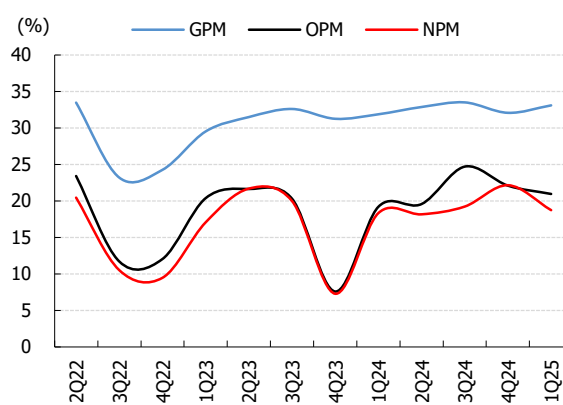
We also noted that VJC discontinued its use of SGN's ground services as of 23 May. This development is expected to result in a substantial loss of revenue and profits for SGN in the coming quarters, as Vietjet accounted for 39% of SGN's total revenue in 2024.

Figure 30. SGN's revenue up 13% YoY



Source: Company Data, KIS Research

Figure 31. Margins remained stable



Source: Company Data, KIS Research

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