

STOCK PITCH REPORT

March 25, 2025

Taseco Air Services (AST)

Growing presence at Tan Son Nhat T3 Terminal

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Buy

Target price	VND64,300
Support/Entry 1	VND53,100-54,600
Upside 1	18%+
Support/Entry 2	VND49,000-51,000
Upside 2	26%+

Note:

Investors need to combine the assessment of market trend, the attractiveness of investment catalysts and their risk appetite to manage the stock exposure in each price zone accordingly.

Since the determination of each support/entry level is based on different time frames, we do not provide a fixed stop loss. In general, stop loss levels should be set tighter for near supports/entries (5-7%) and wider for far supports/entries (10-15%).

Business operation

Taseco Air Services JSC (AST) is a leading provider of non-aeronautical services, with a nationwide presence across major international airports and key cities. The company specializes in retail chain operations, food and beverage services, advertising leasing, duty-free business, lounge services, and hotel accommodations, serving millions of customers each year.

Stock price relative comparison

AST is currently trading below its five-year average P/B ratio.

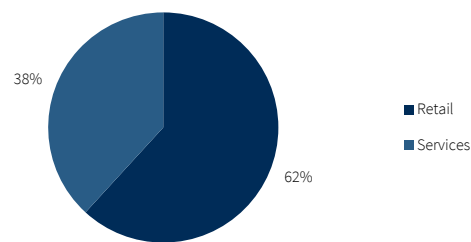
INVESTMENT CATALYSTS

Rising inbound tourism should propel AST forward, with international arrivals expected to maintain an upward trajectory due to (i) government-led initiatives to boost tourism and (ii) airlines expanding their fleets and launching new international routes.

AST remains committed to expanding its business footprint, with the total business locations expected to reach 131 in 2025 (+5% YoY) and 135 in 2026 (+3% YoY), up from 124 in 2024.

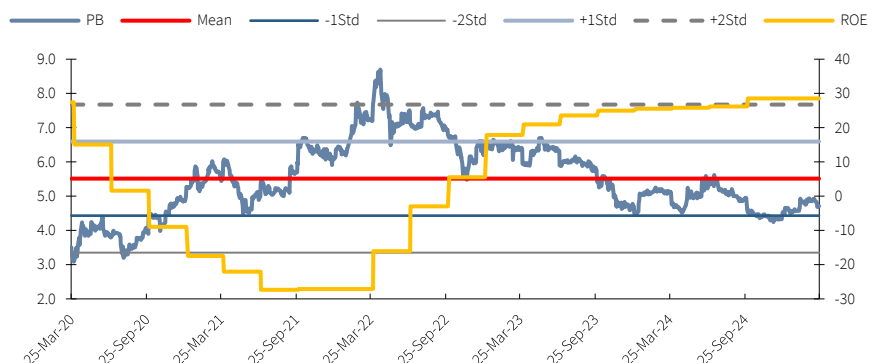
Backed by a solid financial foundation, AST offers compelling dividends, with projected cash payouts of VND2,000 per share in 2025 and VND2,500 in 2026, translating to dividend yields of 4% and 5%, respectively.

Revenue composition (2024)



Source: Company reports, KB Securities Vietnam

AST - P/B and ROE (x, %)



Source: Bloomberg, KB Securities Vietnam

INVESTMENT CATALYSTS

1. Rising inbound tourism should propel AST forward

International arrivals should maintain an upward trajectory

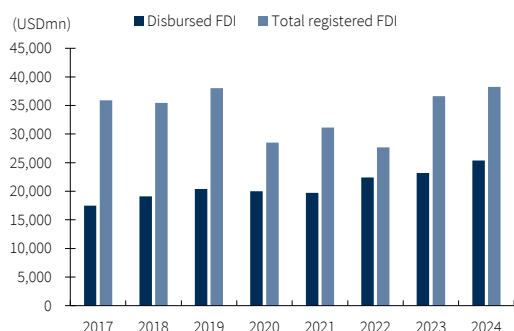
Vietnam witnessed a strong recovery in international arrivals in 2024, reaching nearly 18 million visitors (+39% YoY), approaching pre-pandemic levels seen in 2019. The growth momentum in inbound tourism is expected to remain stable in the coming years, driven by national tourism development and international trade expansion, specifically:

- Free trade agreements (FTAs) and bilateral cooperation with major countries have strengthened Vietnam’s appeal as an investment destination, driving increased business and trade-related travel.
- Government-led tourism initiatives, targeting 22–23 million international visitors (+23% YoY) in 2025. While most international visitor volumes in 2024 have returned to or exceeded pre-COVID levels, arrivals from China and Japan, despite significant YoY growth, remain 36% and 25% below 2019 levels, respectively. However, continued growth is expected, supported by visa facilitation policies, including Resolution No. 11/NQ-CP (issued on January 15, 2025), which grants visa exemptions to citizens of Poland, the Czech Republic, and Switzerland.
- Vietnamese airlines continue to expand international routes, launching new direct flights to Europe and the Americas in 2024, with plans for further fleet and route expansions in the coming years.

A higher share of international visitors will enhance AST’s profitability

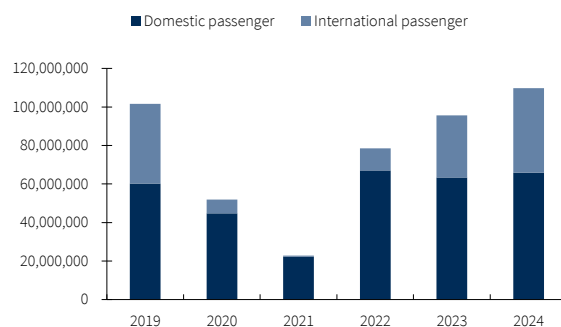
AST’s gross profit margin rose to 61% in 2024, up from 58% in 2023, driven by a higher share of international visitors. International tourists typically generate higher revenue per customer and tend to spend more on high-margin products and services compared to domestic travelers. With international arrivals expected to outpace domestic travel growth in the coming years, AST’s profit margins should continue to benefit from this trend.

Fig 1. Vietnam – Disbursed & registered FDI (USDmn)



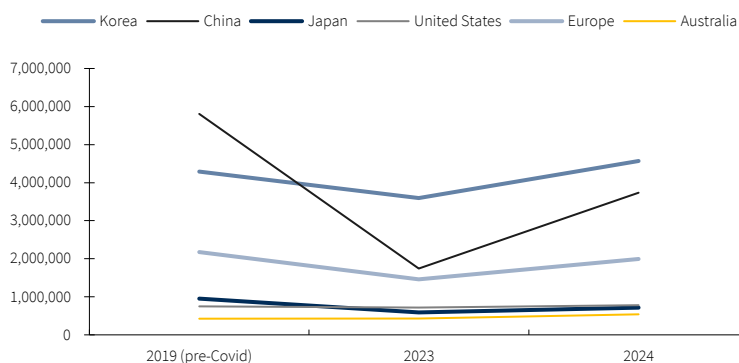
Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 2. ACV – International and domestic passenger traffic at seven largest airports



Source: Taseco Air Services

Fig 3. Vietnam – Top countries/regions by number of visitors



Source: General Statistics Office of Vietnam, KB Securities Vietnam

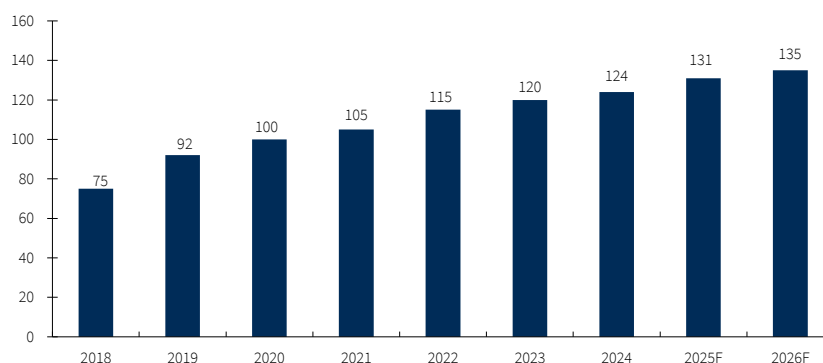
2. AST remains committed to expanding its business footprint

AST's growth potential is driven by its expanding presence at Tan Son Nhat T3, the Noi Bai T2 expansion, and Long Thanh International Airport

AST actively bids for new business locations at Vietnam’s largest airports, reinforcing its competitive position. By the end of 2024, the company is expected to operate 124 business locations across seven major airports, including Noi Bai, Van Don, Phu Bai, Da Nang, Cam Ranh, Tan Son Nhat, and Phu Quoc, collectively accounting for over 80% of total nationwide passenger traffic. In contrast, key competitors such as Southern Airports Services (SAS), Noibai Airport Services (NAS), and Cam Ranh International Airport Services (CIA) primarily operate at only one or two airports. In late February 2025, AST approved a resolution to invest in a joint venture at Terminal 3 (T3) of Tan Son Nhat International Airport, which is set to commence operations in May 2025, with a designed capacity of 20 million passengers per year. The company has committed VND106 billion to develop two premium lounges and five restaurants. Additionally, AST plans to bid for business locations in upcoming large-scale projects, including the expansion of Terminal 2 (T2) at Noi Bai Airport and Phase 1 of Long Thanh International Airport. These initiatives are expected to drive long-term growth for AST’s business network.

Fig 4. AST – Number of business locations

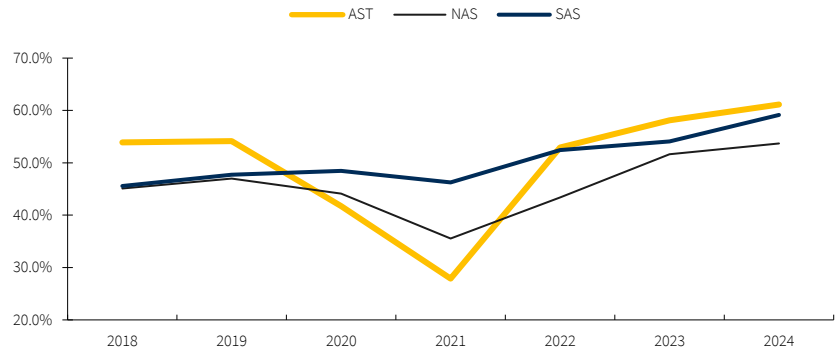
In 2025 and 2026, AST's business location growth will be driven primarily by the Tan Son Nhat T3 Terminal project (2025) and the Noi Bai T2 Terminal expansion (2026), alongside the expansion of its presence at existing airports.



Source: Taseco Air Services, KB Securities Vietnam

Fig 5. AST, NAS, SAS – Gross profit margin (%)

Expanding its retail footprint will help AST sustain a competitive profit margin against industry peers, as its restaurant and souvenir retail segments, primarily featuring locally sourced products, yield higher gross margins than duty-free sales (which involve international products) and other service offerings. Currently, AST maintains a higher gross margin than SAS and NAS, driven by a greater revenue contribution from restaurants and souvenir retail. In contrast, SAS and NAS prioritize duty-free sales and lounge services, except during the COVID period, when the restaurant segment faced significant disruptions.

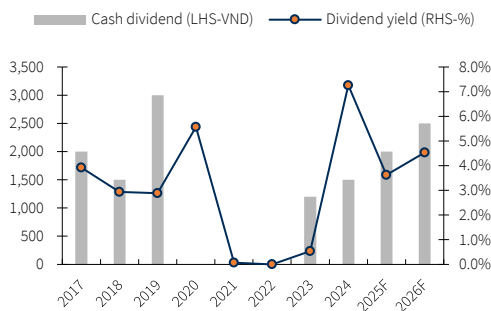


Source: Taseco Air Services, Southern Airports Services, Noibai Airport Services

3. AST offers compelling dividends, backed by a solid financial foundation

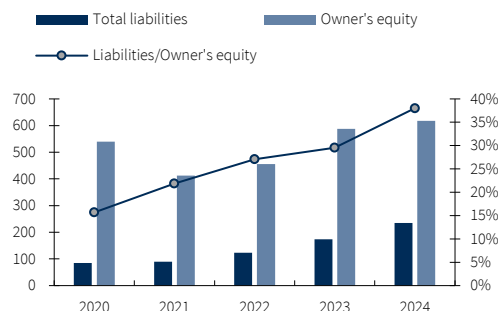
AST historically offered attractive cash dividends before the COVID-19 pandemic. After a three-year suspension, the company resumed cash dividend payments in 2023. With a strong financial position, stable cash flow, and solid growth prospects, AST is expected to maintain a compelling dividend policy, projecting payouts of VND2,000–2,500 per share for 2025–2026, translating to a 4%–5% dividend yield.

Fig 6. AST – Dividend yields (%)



Source: Taseco Air Services, KB Securities Vietnam

Fig 7. AST – Capital structure (VNDbn)



Source: Taseco Air Services

RISKS

Risk of an economic slowdown

AST's business performance is directly influenced by international tourist arrivals. A sluggish global economy, marked by slowing growth in most countries, rising political instability, and the prolonged Russia-Ukraine conflict, has led to a decline in international trade and reduced demand for non-essential travel. These factors could negatively impact international arrivals to Vietnam, posing a risk to AST's financial results.

Risk of intensified competition

Competitors such as SASCO and NASCO benefit from a significant scale advantage at Tan Son Nhat and Noi Bai airports. As AST seeks to maintain and expand its market share, it may encounter growing competition in securing prime business locations, pricing strategies, and service offerings.

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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