

SCS Cargo (SCS)

Long Thanh Airport – challenges or opportunities?

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1H25 revenue & NPAT respectively reached VND558 billion (+17% YoY) and VND359 billion (+7% YoY)

International cargo throughput will remain positive in 2H25, expected whole-year growth to reach 7.5% YoY

We are positive about SCS's ability to join Long Thanh cargo terminal project

2025 dividend is expected at VND6,000/share

Valuation: BUY – Target price VND71,000/share

Buy maintain

Target price	VND71,000
Upside	17.3%
Current price (Sep 19, 2025)	VND60,500
Consensus target price	VND75,200
Market cap (VNDtn/USDbn)	6.2/0.2

Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	705	1,037	1,155	1,223
Operating income/loss (VNDbn)	571	785	885	955
NPAT-MI (VNDbn)	498	693	706	762
EPS (VND)	4,638	6,547	6,846	7,390
EPS growth (%)	-29	41	5	8
P/E (x)	13	9	9	8
P/B (x)	5	4	4	4
ROE (%)	37	49	48	47
Dividend yield (%)	6	8	11	10

In 1H25, SCS Cargo Services (SCS) recorded revenue of VND558 billion (+17% YoY), completing 48% of the full-year target. NPAT was VND359 billion (+7% YoY), which is a much slower growth compared to revenue as SCS has no longer enjoyed tax incentives since the end of 2024 and had to pay a 20% tax rate from 2025.

Total international throughput of SCS in 2025 is expected to grow by 7.5% YoY thanks to (1) the corporation's attracting two new foreign customers in 1H25 and (2) Tan Son Nhat Terminal T3 operating from 2Q25. In the medium and long term, although SCS will still benefit from the steady growth in cargo demand as well as Vietjet's (VJC) continuous fleet and route expansion plan, it may be strongly affected from 2027 when Long Thanh International Airport comes into operation.

We believe that SCS will be selected to participate in the Long Thanh cargo terminal project (LTA) as Airports Corporation of Vietnam (ACV) has only worked with SCS so far. Participating in LTA will ensure positive long-term growth potential for SCS and give it a chance to be revalued at a higher level.

SCS has maintained high cash dividend payouts for the past years. With a healthy financial situation and large cash flow with no debt, the corporation should keep attractive cash dividend ratio in the coming years. The dividend in 2025 is expected to be VND6,000/share.

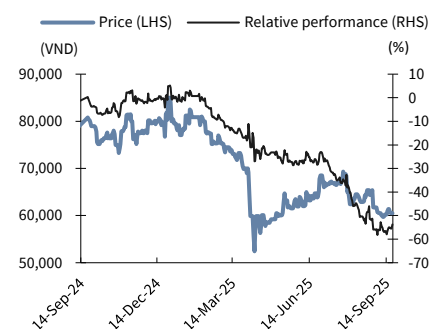
Based on the valuation results, we recommend BUY for SCS shares, with a target price of VND 71,000/share.

Trading data

Free float	38.3%
3M avg trading value (VNDbn/USDmn)	28.7/1.1
Foreign ownership	14.3%
Major shareholder	Gemadept (GMD, 33.42%)

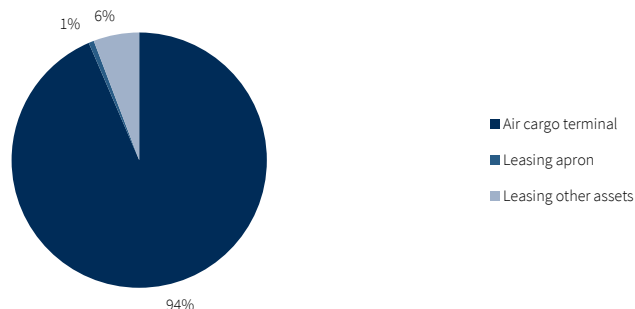
Share price performance

(%)	1M	3M	6M	12M
Absolute	-7.5	-6.5	-17.5	-25.1
Relative	-8.3	-29.4	-42.9	-55.5



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: SCSC Cargo Service, KB Securities Vietnam

Business operation

Saigon Cargo Service Corporation (SCS) was established in 2008 and is currently the second largest air cargo terminal operator at Tan Son Nhat International Airport with a market share of 48%. Major shareholders of SCS include Gemadept Corporation (GMD, 33.4%) and Airports Corporation of Vietnam (ACV, 13.6%).

Terminal operation is the main business of SCS. Currently, it continues to purchase equipment to increase cargo handling capacity to 350,000 tons/year.

Investment Catalysts

International cargo remains as the main growth driver for SCS with 2025/2026F throughput growing 7.5%/4.5% YoY

SCS has been offering high cash dividend payouts over the years, with 2025 and 2026 dividends expected to be at VND6,000/share

The operation of Long Thanh International Airport from 2027 may hinder SCS's growth, but we highly appreciate SCS's ability to win the bid for the Long Thanh cargo terminal project, which may raise its valuation on the market

Notes

Please see more details below

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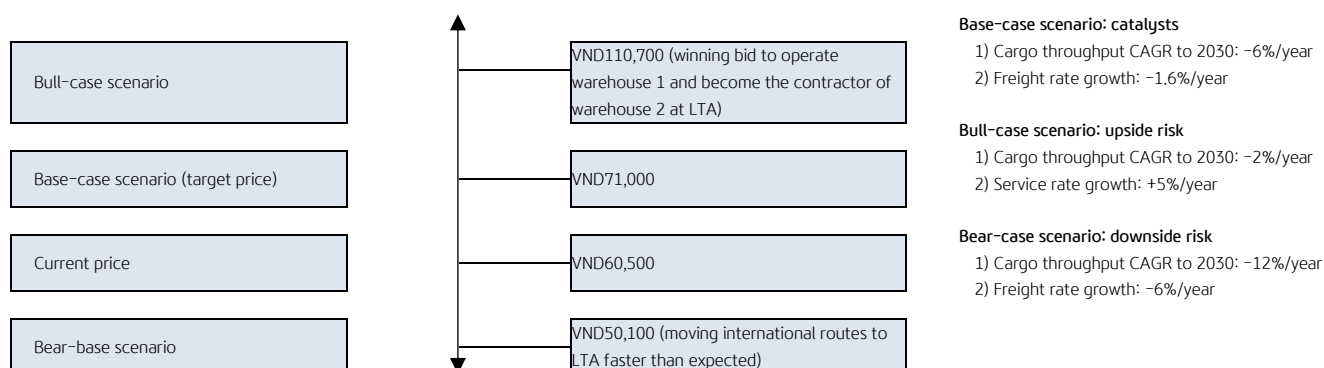
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	1,155	1,223	-	-	1,080	1,131	+7%	+8%
EBIT	962	1,036	-	-	789	811	+21%	+27%
NP after MI	706	762	-	-	685	714	+3%	+7%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



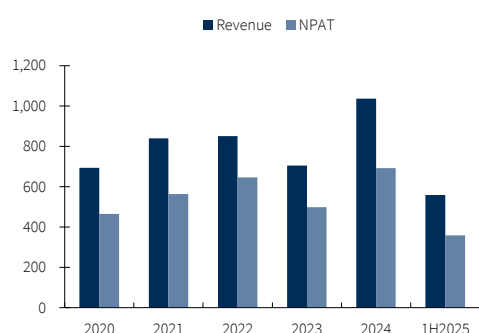
Business performance

Table 1. SCS – 1H25 updated results

(VNDbn, %)	2Q24	2Q25	+/-%YoY	1H24	1H25	+/-%YoY	Notes
Revenue	264	292	10%	478	558	17%	1H25 revenue completed 48% of full-year objective (VND 1,172 billion). The growth was attributable to (1) 1H25 cargo volume reaching over 131 thousand tons (+2% YoY), of which shipments abroad (high revenue/ton) achieved 8.5% YoY growth thanks to new customer Qatar Airways. (2) Service rates increased after SCS's adding new surcharges related to storage applied from the beginning of 2025.
Terminal operation	247	274	11%	444	523	18%	
Airport apron	1.3	1.3	0%	2.6	2.6	0%	
Other services	15	16	6%	29	32	9%	
Gross profit	213	233	10%	381	449.4	18%	
<i>Gross profit margin</i>	<i>81%</i>	<i>80%</i>	<i>-1 ppt</i>	<i>80%</i>	<i>81%</i>	<i>+1 ppt</i>	
Financial income	15	18	25%	29	32	9%	
Financial expenses	0.1	0.0	-100%	0.08	0	-100%	
SG&A	13	15	13%	27.3	30	10%	
Operating profit/loss	214	236	11%	383	451	18%	
Other income	-1	0	-33%	-1.3	-1.5	15%	
Profit before taxes (PBT)	213	236	11%	381	450	18%	This was equal to 52% of 2025 NPAT plan (VND860 billion).
Profit after taxes (NPAT)	190	189	0%	337	359	7%	
Net profit after minority interests (NP – MI)	190	189	0%	337	359	7%	
<i>NPAT margin</i>	<i>72%</i>	<i>65%</i>	<i>-7 ppts</i>	<i>72%</i>	<i>71%</i>	<i>-1 ppt</i>	NPAT margin declined after SCS was subject to 20% tax rate from 2025.

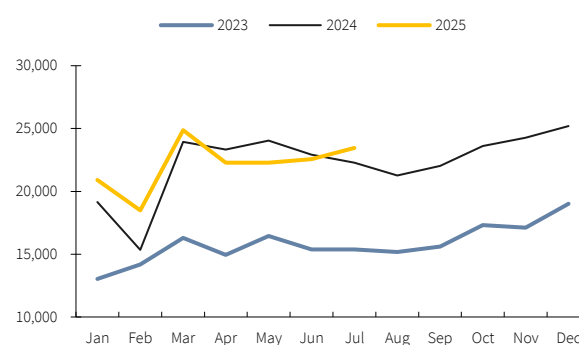
Source: SCSC Cargo Services, KB Securities Vietnam

Fig 2. SCS – Revenue & NPAT (VNDbn)



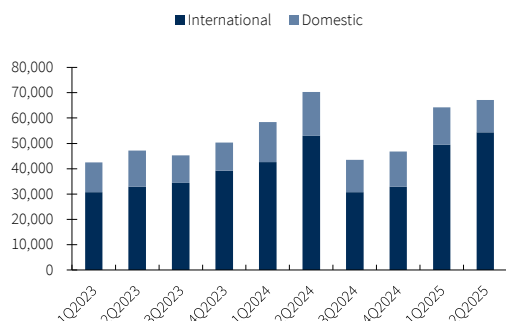
Source: SCSC Cargo Service

Fig 3. SCS – Cargo throughput (ton)



Source: SCSC Cargo Service

Fig 4. SCS – Cargo throughput composition (ton)



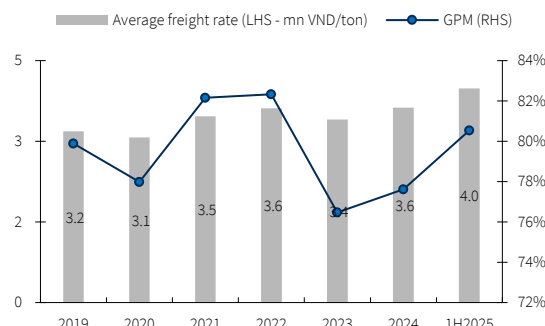
Source: SCSC Cargo Service, KB Securities Vietnam

International cargo throughput should remain positive in 2H25, expected to record a growth of 7.5% YoY in 2025

In 1H25, SCS handled 103.8/27.6 thousand tons in international and domestic cargo throughput (+8.5%/–16% YoY). Local cargo volume dropped due to major customer VJC having problems with changing ground handling service providers while prioritizing fleet allocation for routes abroad. We forecast international cargo growth will slow down in 2H25 as front-loading activities have cooled down, but still keep the full-year growth forecast at 7.5% YoY, given (1) the number of orders at SCS in 2H25 will remain positive; (2) SCS had two new customers at the international terminal from early this year; and (3) Tan Son Nhat T3 terminal comes into operation, relieving congestion and raising demand for cargo transportation via Saigon Ground Services (SGN).

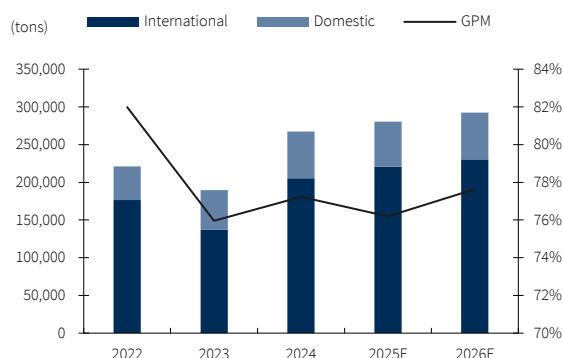
In the medium and long term, SCS's prospects will be supported by (1) Vietnam's air cargo demand is projected to maintain 6% growth/year until 2034. (2) VJC has strong route and fleet expansion plans; and (3) global airlines tend to give more freighter orders in the context of the current capacity growth rate not keeping up with global air transport demand (According to IATA, capacity and demand rose 7.3% and 11.3% respectively in 2024). However, in our base case (assuming US cargo throughput drops 25% due to reciprocal tariffs, SCS does not participate in LTA, and the rate of international flight route transition from SGN to LTA in the first three years reaches 25%/40%/55% respectively), we expect SCS international cargo volume to fluctuate by +4.5%/–24%/–18%/–24% YoY in the period 2026–2029.

Fig 5. SCS – Service rates & GPM of terminal operation (VNDmn/ton, %)



Source: SCSC Cargo Service, KB Securities Vietnam

Fig 6. SCS – Cargo throughput & GPM in 2022 – 2026 (ton, %)



Source: SCSC Cargo Service, KB Securities Vietnam

We strongly believe that SCS will have chance to join LTA project

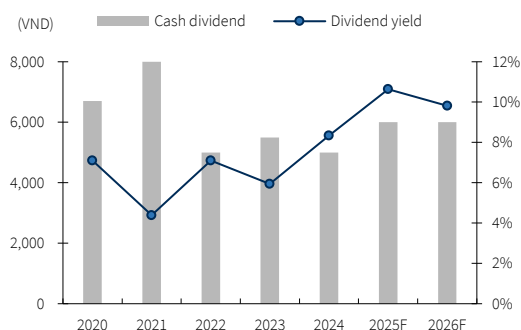
SCS shared that during the entire process of building the operation plan for LTA, ACV has only worked with SCS. We assess that SCS has a high possibility of joining the project with (1) many years of experience in cargo terminal operations and a market share of 48% at Tan Son Nhat Airport, (2) healthy financial status and abundant cash resources, and (3) ACV being one of the major shareholders in SCS.

The official information about the contractors and cargo terminal operators has not been revealed (expected to be announced at the end of the year), we have not included the possibility of SCS winning the LTA bid in the base valuation. SCS's participation in the project will strengthen its long-term growth potential and create a basis for the market to revalue its shares at a higher level.

2025 dividend is expected to reach VND6,000/share

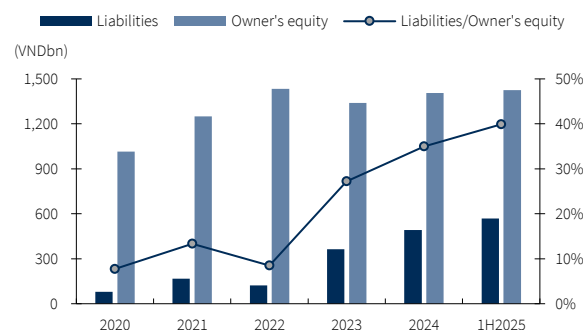
SCS has maintained a high cash dividend payout in recent years. At the AGM in June, it approved a proposed dividend of VND3,000/share for 2025. As SCS has healthy financial situation and large cash flow with no debt, and it often sets a lower dividend plan compared to the actual implementation, we believe that SCS will maintain a high cash dividend ratio in the coming years, with the 2025/2026 dividend estimated at VND6,000/share.

Fig 7. SCS – Dividend payouts over the years (VND, %)



Source: SCSC Cargo Service, KB Securities Vietnam

Fig 8. SCS – Liabilities/equity (VNDbn, %)



Source: SCSC Cargo Service, KB Securities Vietnam

**SCS approved the first ESOP
issuance regulations for the period
2025–2027**

Last July, the Management approved the first ESOP issuance regulations for the period 2025–2027. The expected number of shares to be offered is 1,020,700 shares with par value of VND10,000/share and offering price of VND11,970/share.

Forecast & valuation

Table 9. SCS – 1H25 updated results

(VNDbn, %)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	1,037	1,155	11%	1,223	6%	SCS will complete 99% of 2025 revenue plan (VND1,172 billion). International throughput in 2025/2026 reached 220.5/230.5 thousand arrivals (+7.5%/4.5% YoY). Domestic throughput in 2025/2026 reached 60/62 thousand arrivals (-4%/3% YoY).
Terminal operation	970	1,086	12%	1,152	6%	
Airport apron	7	6	-17%	6	10%	
Other services	60	63	4%	65	4%	
Gross profit	801	880	10%	949	8%	
<i>Gross profit margin</i>	<i>77%</i>	<i>76%</i>	<i>-1 ppt</i>	<i>78%</i>	<i>+2 ppts</i>	
Financial income	57	87	54%	93	6%	
Financial expenses	1	-	-100%	-	0%	
SG&A	71	82	15%	87	6%	
Operating profit/loss	785	885	13%	955	8%	
Other income	-2.4	-2.7	11%	-2.8	6%	
PBT	783	882	13%	952	8%	SCS will beat full-year NPAT target by 3% (VND860 billion).
NPAT	693	706	2%	762	8%	
<i>NPAT margin</i>	<i>67%</i>	<i>61%</i>	<i>-6 ppts</i>	<i>62%</i>	<i>+1 ppt</i>	NPAT margin may decline after tax incentives for SCS expired from 2025.

Source: SCSC Cargo Services, KB Securities Vietnam

We keep our BUY recommendation with target price of VND71,000

Using FCFF method, based on the general situation of the air cargo service industry and current advantages, difficulties, and future prospects of the company, we give SCS a target price of VND71,000/share, equivalent to a potential upside of 17.3% compared to the closing price on September 19, 2025 in the base scenario (excluding the possibility SCS wins the bid for the LTA project):

- Foreign cargo throughput should increase 7.5% YoY in 2025 and slow down to 4.5% YoY in 2026 (assuming US goods, currently accounting for nearly 20% of SCS's total international cargo, will fall 25% due to the impact of reciprocal tariffs). After Long Thanh International Airport comes into operation from 2027, it is assumed that 25%/40%/55% of international flights will be transferred from SGN to LTA in 2027/2028/2029F.
- Local throughput in 2025 is projected to decline 4% YoY mainly due to VJC focusing on foreign routes in the context of maintenance-caused aircraft shortage. Domestic throughput should maintain a growth rate of 3-4%/year from 2026 when aircraft return to operation after maintenance, and SCS receives ordered aircraft.
- Average service rate at SCS may slightly rise 2-3%/year as the current aviation service rates in Vietnam are still lower than those in regional peers. However, we expect that after LTA operates, international service rates will remain the same or modestly decrease to attract new passengers and retain foreign airlines.

However, we still appreciate the possibility that SCS can join the LTA project as mentioned above. If this scenario happens, the growth potential in the medium and long term will be more sustainable, and SCS shares may receive higher valuation.

Table 10. SCS – Assumptions

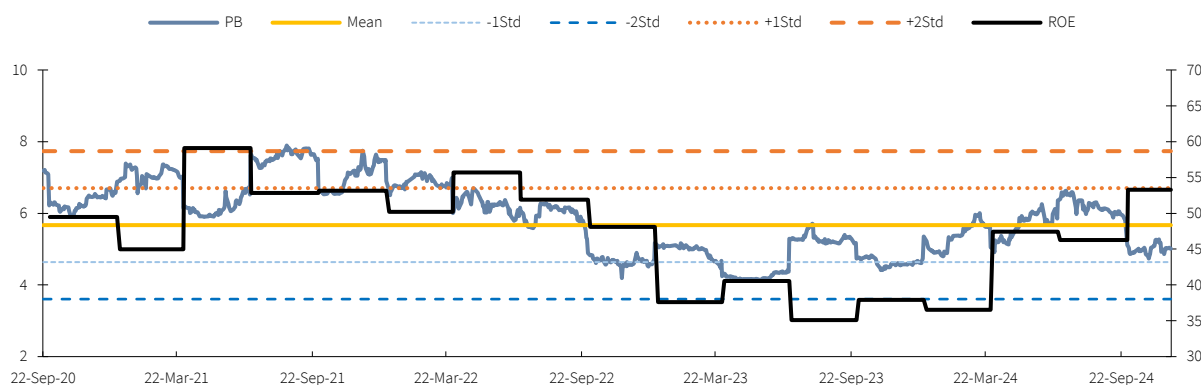
Assumption	Value
Beta	0.68
Risk-free rate	4.8%
Risk premium	8.3%
Cost of debt	8%
WACC	9.4%

Table 11. SCS – Valuation (VNDbn)

	2025	2026	2027	2028	2029
EBIT	882	952	663	567	452
PV of FCFF	791	686	600	425	251
Terminal value					3,188
Enterprise value					5,941
Cash and cash equivalents					1,378
Debt					0
Equity					7,319
Number of outstanding shares (million shares)					103
Target price (VND)					71,000

Source: SCSC Cargo Service, KB Securities Vietnam

Fig 12. SCS – P/B & ROE (x, %)



Source: Bloomberg, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of 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 the assessment of sector prospects over the next 6 months)

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

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