



Southern Airports Services JSC: (UPCoM: SAS)

Investment Proposal

July 2025

Investment Proposal

Analyst	Phuc Nguyen
Time Horizon	2-3 years
Recommendation	BUY

SASCO's investment is driven by increased international traffic, lounge system expansion, and airport capacity growth

Investment Rationale

- International passenger volume has not recovered to pre-COVID-19 levels (only PQ has fully recovered and are now growing).
- Partnering with **Airport Dimensions** (a global airport lounge company) to enhance lounge quality and guest experience.
- Room for growth with **Long Thanh Airport** (expected to operate in Q1 2026), creating potential for stores and lounges expanding.
- Currently trading at **9.7x P/E TTM**, compared to its major competitor AST at 15.0x P/E TTM.
- Consistent dividend payout since 2016 (~6.5% annually).

2024 results continues to grow after recovering from Covid-19

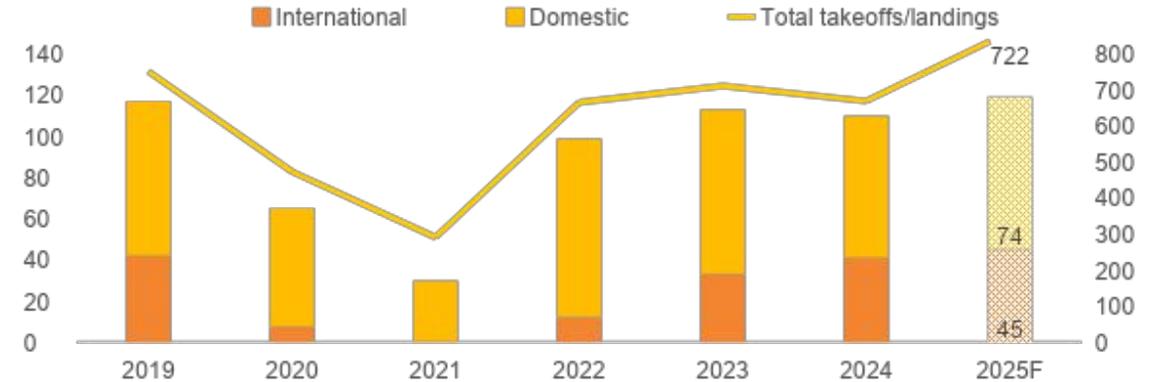
Financial Performance (VNDbn, '19-24A)

	2019A	2020A	2021A	2022A	2023A	2024A
Revenue	2,895	918	321	1,400	2,581	2,906
YoY Growth		-68.3%	-65.0%	336.1%	84.4%	12.6%
Gross Profit	1,382	446	149	734	1,396	1,719
Margin	47.7%	48.6%	46.4%	52.4%	54.1%	59.2%
Net Income	373	149	3	210	286	422
YoY Growth		-60.1%	-98.0%	6900.0%	36.2%	47.6%
Margin	12.9%	16.2%	0.9%	15.0%	11.1%	14.5%
ROE	23.8%	9.7%	0.2%	14.3%	19.0%	27.0%
ROA	16.3%	7.2%	0.2%	11.7%	13.3%	18.3%
P/E	10.82x	27.81x	1079.81x	17.55x	19.01x	13.88x

Source: Company Annual Report, ACV

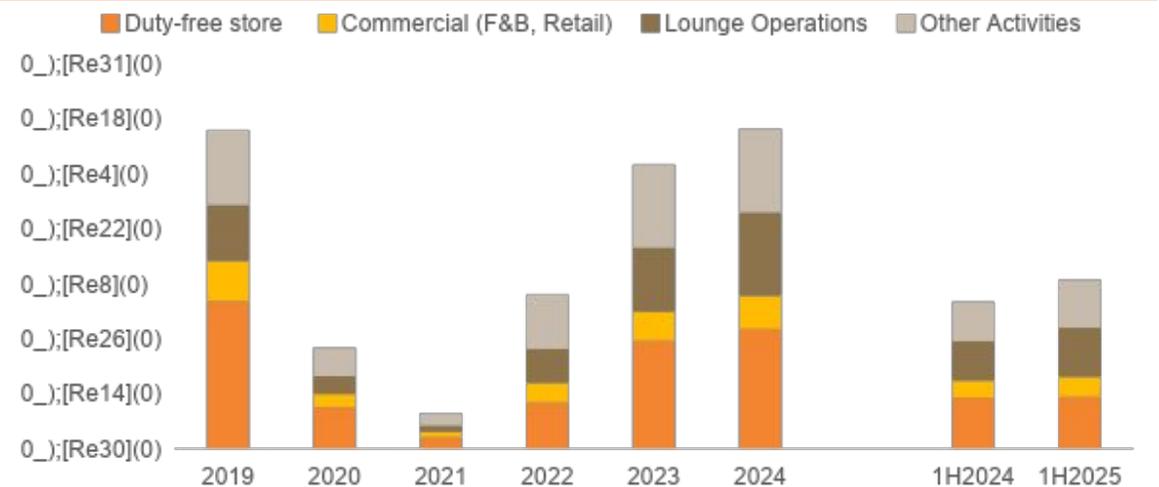
Targeting 119 million passengers in 2025, up 8% YoY, similar to 2019

Airport Passenger Volume (million passengers & thousand takeoffs/landings, '19-25F)



Revenue 1H2025 up 15% YoY, with lounge operations revenue up 25% YoY

Revenue breakdown (VNDbn & %, '19-24A)



Company Services

Vietnam's leading provider of non-aviation services at major airports, specializing in duty-free retail, F&B, airport lounges,...



Duty-free Store

- Over 20 counters, 15 key product categories, and products from more than 200 prestigious brands.
- Located in the International Departure Transit Area of TSN Airport.



Business Lounges

- Providing premium airport lounge for passengers
- TSN Airport: 12
4T1, 6T2, 2T3
Price: 456k/945k
- CR Airport : 2
Price: 760k
- PQ Airport: 1
Price: 760k



Food & Beverage

- Operating restaurants, cafes, and fast-food outlets within TSN airport terminals.
- Cuisine De Saigon: 2,
Fresh2Go: 6,
Phoenix Restaurant & Café: 2,
Pho Cho: 1,
+84 Eatery: 7.



Retail Store

- Selling various consumer goods, souvenirs, fashion, and accessories in airport shops.
- Located in TSN Airport, with
T1: 1 store,
T2: 8 stores,
T3: 1 store.



Others

- Sleep Zone
- Travel services
- Airside transfer bus
- FMCG Production
- Leisure Resort

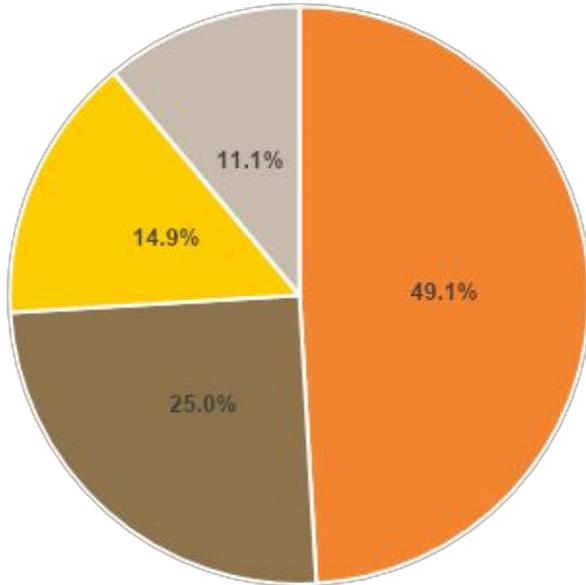
Company Overview

SASCO provides diverse airport commercial services, with a significant ownership stake held by ACV and IPP.



OWNERSHIP STRUCTURE

- Airports of Corporation of Vietnam
- Imex Pan - Pacific Co.Ltd
- Au Chau Fashion and Cosmetics Company
- Others



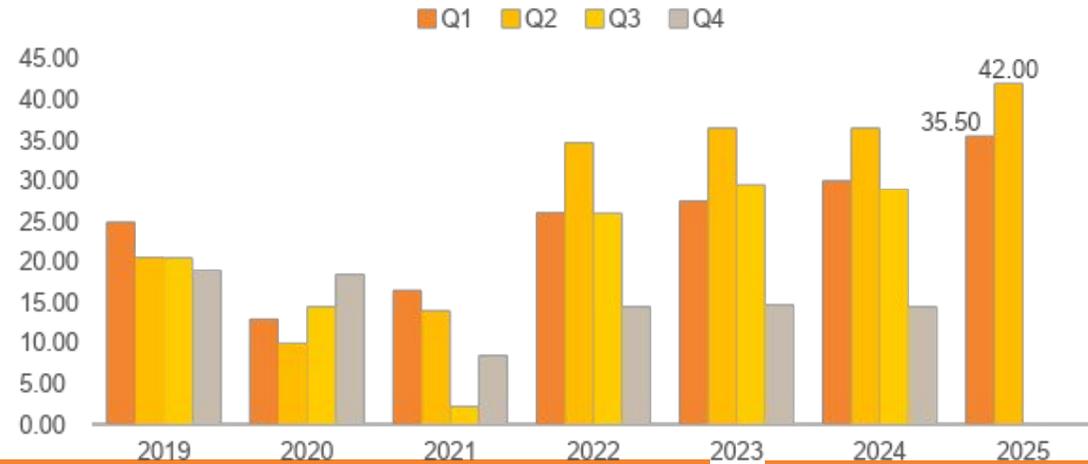
Source: Company Annual Report

Vietnam's Air Passenger Statistics Overview

International volume rebounds significantly, outpacing domestic recovery at SASCO's operational airports.

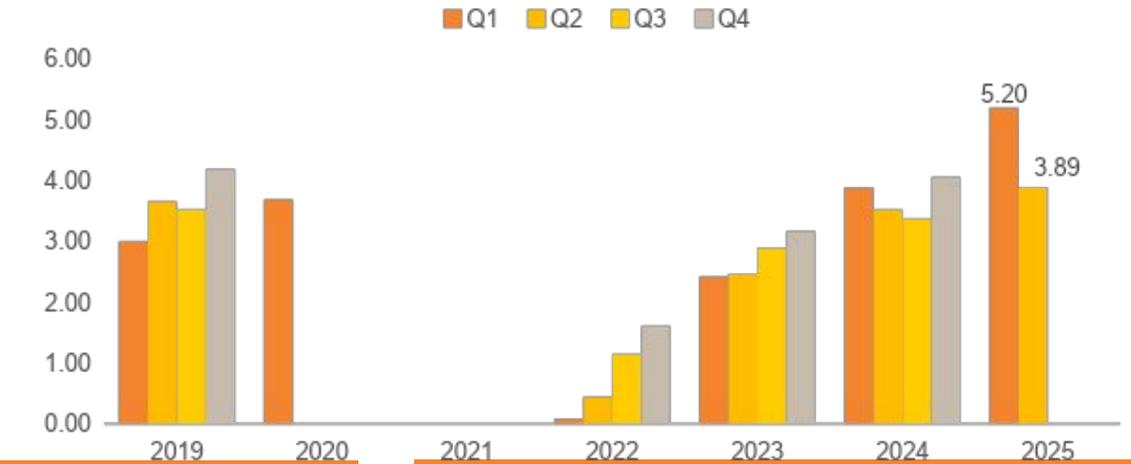
Total domestic arrivals 1H2025 shows strong growth and recovery

Quarterly domestic passenger volume (million passenger, '19-25)



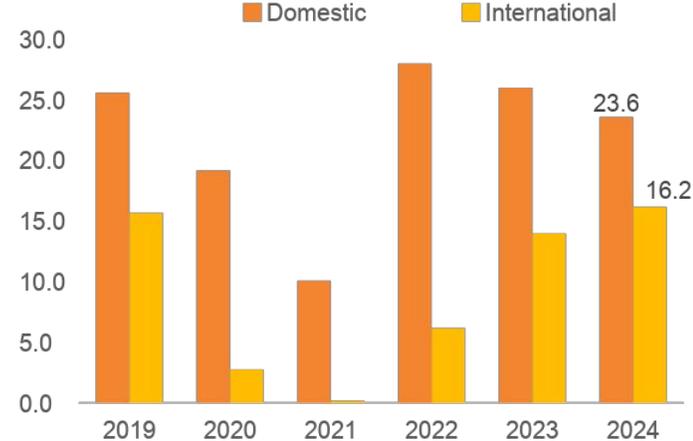
International arrivals 1H2025 grow consistently; expect more in Q42025

Quarterly international passenger volume (million passenger, '19-25)



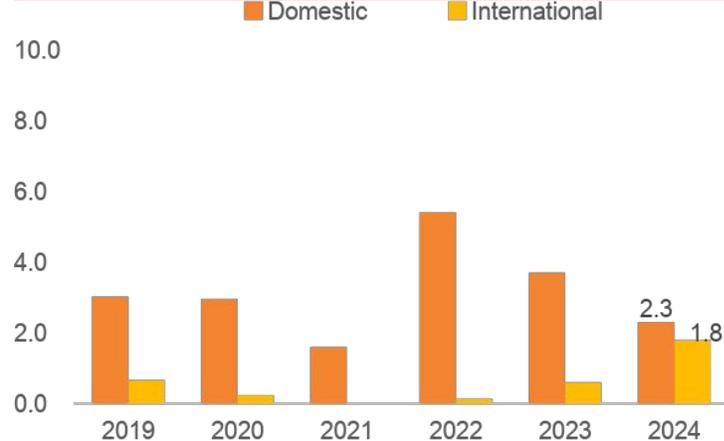
Domestic struggles; International recovers

Passenger statistic in Tan Son Nhat Airport (million passengers, '19-24)



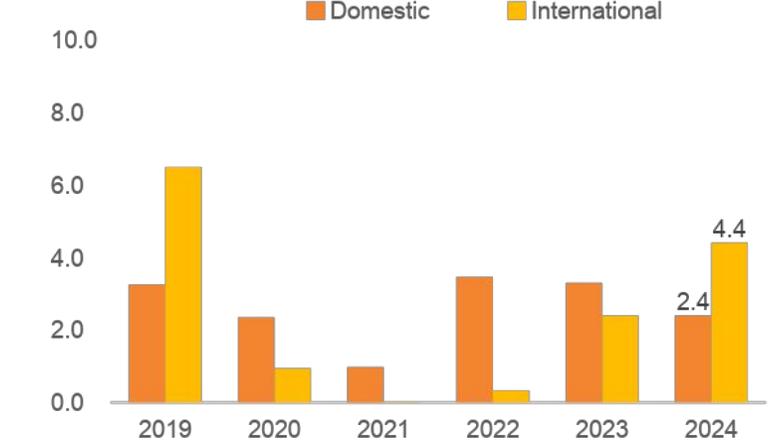
International shows strong growth

Passenger statistic in Phu Quoc Airport (million passengers, '19-24)



International has not reached highest in 2019

Passenger statistic in Cam Ranh Airport (million passengers, '19-24)



Source: Company Annual Report, VietnamTourism

Future prospect in Tourism Industry

Increased international passenger volume, who are more willing to spend more, will drive up revenue per passenger

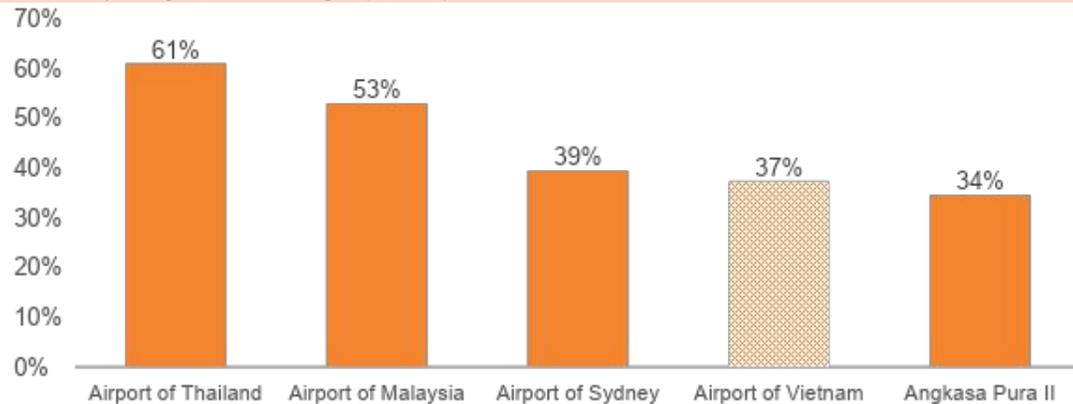
Vietnam eases visa policy to promote tourism

Resolution 44/NQ-CP (2025) and Resolution 11/NQ-CP (2025)

	2019	2025
Number of countries with visa exemptions	22	29
Number of countries eligible for e-visas	80	257
E-visa validity period (days)	15 - 30	30 - 90

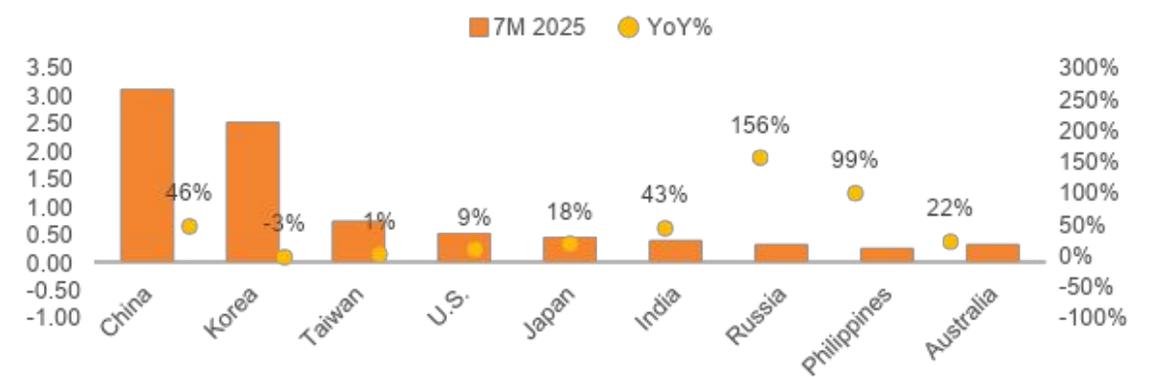
International remains low compared to peers

International passengers / Total Passengers (% , 2024)



China contributes significantly to the growth in international tourists

Passenger statistic by Countries (million passengers, '7M25)



RPP remains low compared to peers; China contributes highest RPP

Revenue per passenger (USD/person, 2024)

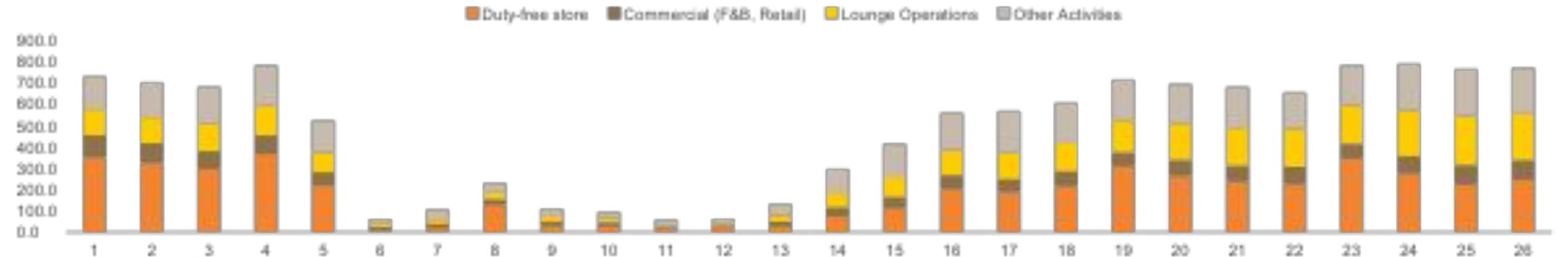


SASCO's Operating Performance

Over time, airport lounge segment contributes more to total revenue, indicating its growing importance within SASCO's overall business

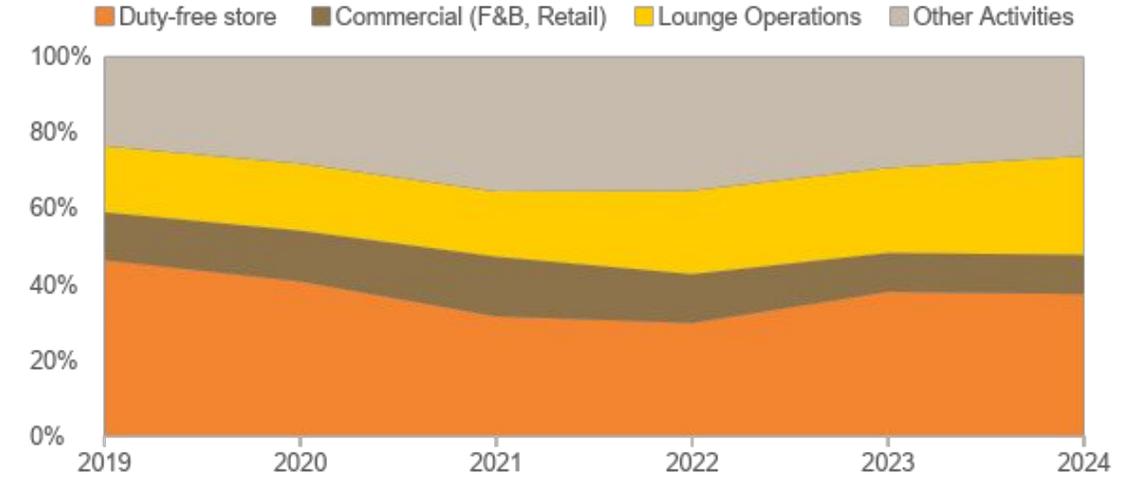
Total revenue in Q22025 shows strong recovery with 18% up compared to Q22024 and 10% up compared to Q22019 pre Covid-19

Revenue each quarter (VNDbn, '19-24)



Lounge operation segment started to contribute more to total revenue

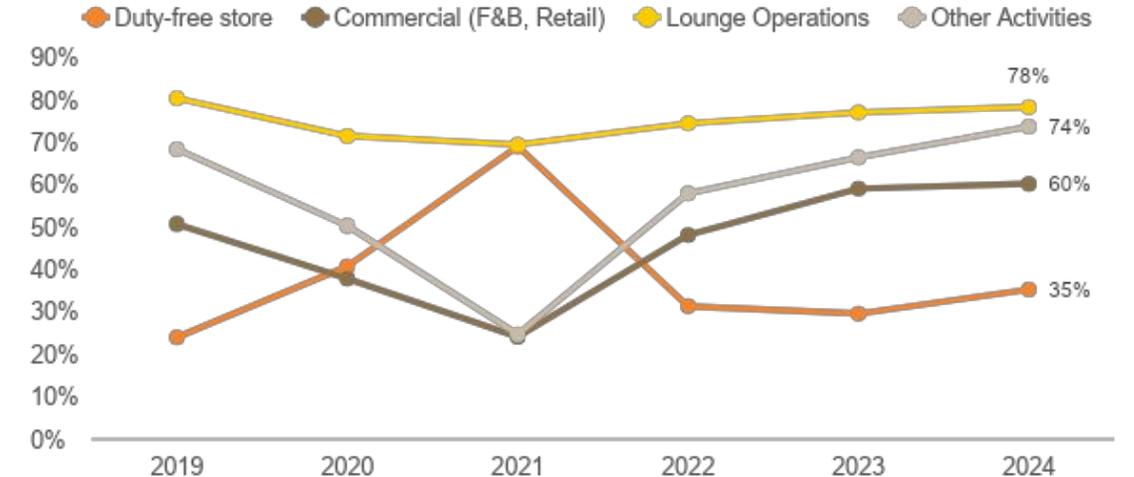
Revenue Composition (% '19-24)



Source: Company Annual Report

GPM for the lounge segment has been consistently improving

Gross Profit Margin by segments(% '19-24)



SASCO's Potential in the upcoming Long Thanh airport

SASCO's strategic advantages position it for dominant role in airport services segment at Long Thanh airport

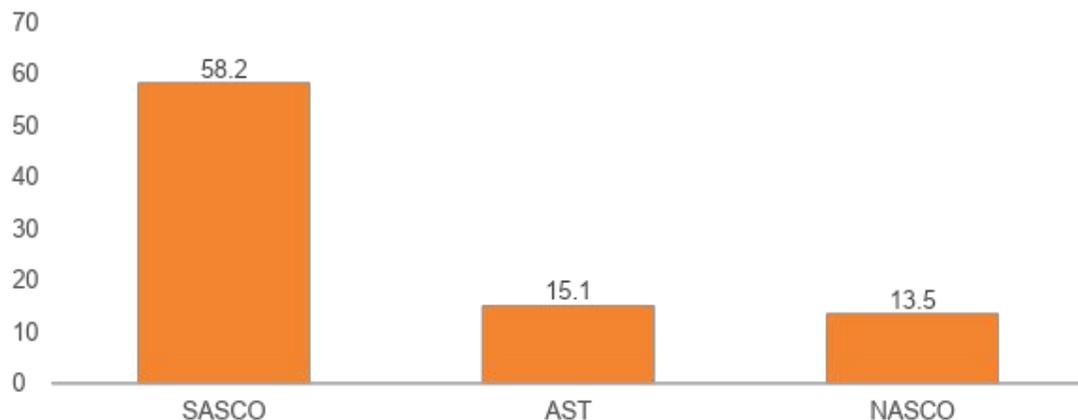
Key Highlights

- Partnership with **Airport Dimensions** in 11/2024: enhance lounge service quality, attracting more premium passenger, access to **Priority Pass network**.
- Link via **Johnathan Hanh Nguyen & IPPG**: Johnathan is chairman of SASCO and IPPG, a leading luxury retail and airport services group.
- ACV Ownership (49%)**: main investor/operation of Long Thanh airport, provides an advantage and understanding of airport development plans.



SASCO has the highest average revenue per lounge among competitors

Revenue per lounge (VNDbn, 2024)



Source: Company Annual Report

SASCO secured location with the largest size with minimum sharing rate

Tan Son Nhat Airport T3 Lounge Location Bidding Result

Location Code	Size (m2)	Revenue Sharing Rate (min 16%)	Min Revenue Per m2 Per Month (VND)	Winning Bidder
T3-DD401	543	16%	1,850,000	SAS
T3-DD402	355	16.5%	1,850,000	SAS
T3-DD403	442	16.5%	1,850,000	SAS
T3-DD406	210	16.5%	1,850,000	AST
T3-DD410	445	16%	1,850,000	AST
T3-DD411	425	16%	1,850,000	AST
T3-DD404	485	16.5%	1,850,000	NAS
T3-DD405	330	17%	1,850,000	NAS

Financial Projection

The future of SASCO is predicated on the growth rate of international passenger traffic

Key Assumptions (Base Case)

- **Passenger Volume**

- Domestic passenger in 3 airports (TSN, PQ, CR) is projected to reach 100% of 2019 levels by year-end (currently remains 12% below 2019), with 1H2025 of total domestic passengers showing 17% YoY growth.
- International passenger in 3 airports has almost fully recovered compared to 2019 and recorded 200% YoY growth in PQ Airport and 20% YoY Growth in TSN Airport.

- **Airport Business Lounges**

- Business lounge GPM, currently at an all-time high of 83% in Q22025, is expected to reach 85% by the end of 2025 as higher guest numbers make the operations more cost-efficient.
- New, enhanced lounges at Long Thanh International Airport (Phase 1 completion: Q42025) through the Airport Dimensions partnership, will significantly boost international customer visits and revenue, but will increase expense in 2026 as SASCO builds more lounges.

- **Revenue Per Passenger**

- RPP is projected to grow 10% annually, primarily fueled by rising international passenger volume, which directly boosts duty-free and business lounge revenues.

	Actual			Forecasted			
	2024A	2025F	2026F	2027F	2028F	2029F	
Revenue	2,906	3,318	3,737	4,160	4,589	4,965	
<i>YoY Growth</i>	12.6%	14.2%	12.6%	11.3%	10.3%	8.2%	
COGS	1,187	1,327	1,607	1,706	1,881	1,986	
Gross Profit	1,719	1,991	2,130	2,454	2,707	2,979	
<i>YoY Growth</i>	23.1%	15.8%	7.0%	15.2%	10.3%	10.0%	
<i>Margin</i>	59.2%	60.0%	57.0%	59.0%	59.0%	60.0%	
SG&A	1,353	1,493	1,644	1,664	1,881	1,986	
EBIT	366	498	486	790	826	993	
<i>YoY Growth</i>	120.5%	36.1%	-2.4%	62.6%	4.6%	20.2%	
<i>Margin</i>	12.6%	15.0%	13.0%	19.0%	18.0%	20.0%	
NOPAT	283	380	370	608	637	768	
<i>YoY Growth</i>	239.8%	34.3%	-2.6%	64.3%	4.8%	20.6%	
<i>Margin</i>	9.7%	11.5%	9.9%	14.6%	13.9%	15.5%	

Valuation

SASCO's valuation is based on its stable operations in airport services and duty-free sales which generate predictable cash flows

VNDbn	Actual		Forecasted	
	2024A	2025F	2026F	2027F
Revenue	2,906	3,318	3,737	4,160
COGS	1,187	1,327	1,607	1,706
Gross Profit	1,719	1,991	2,130	2,454
SG&A	1,353	1,493	1,644	1,664
EBIT	366	498	486	790
Operating Taxes	83	118	116	182
NOPAT	283	380	370	608
Add: D&A	41	39	39	37
Minus: Capex	27	25	35	22
Minus: Change in NWC	191	(121)	172	(171)
FCFF	107	515	203	794
Terminal Value as on 2027F				9,762

WACC Assumptions	
Risk Free Rate	4.4%
Expected Market Return	12.0%
Growth rate	4.0%
Beta	1.06
WACC	12.46%

DCF Valuation	
NPV of FCFF	1,176
NPV of Terminal Value	6,864
Enterprise Value	8,040
Add: Cash	504
Minus: Debt	0
Minus: Minority Interest	0
Equity Value	8,510
Shares Outstanding (million)	133.451
Implied Share Price	63,767

WACC	Growth Rate				
	2.00%	3.00%	4.0%	5.00%	6.00%
63,767					
11.46%	58,834	64,822	72,416	82,362	95,955
11.96%	55,836	61,158	67,818	76,392	87,845
12.46%	53,128	57,885	63,767	71,227	80,997
12.96%	50,671	54,944	60,172	66,714	75,138
13.46%	48,430	52,288	56,961	62,740	70,068

Final Investment Decision

With consistent dividend payout, along with promising growth, SASCO offers an attractive investment proposition

Buying SAS with a buying price of 39,500 VND – indicating a 20%-30% IRR within time horizon of 2-3 years

Share Price	Downside	Base	Upside
Growth rate	2.0%	4.0%	6.0%
WACC	13.46%	12.46%	11.46%
Implied Share Price	48,430	63,767	95,955
(+) 3 years of dividend	4,200	4,200	4,200
Implied Value per Share	52,630	67,967	100,155
IRR	10%	19.8%	36.3%

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