HAH Initiation report – Buy

November 1, 2024

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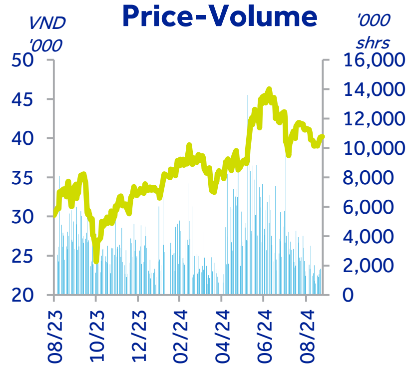
Initiation report

Recommendation	**Buy**
	HOSE: HAH
	Water transportation
Target price (VND)	**58,200**
Market price (VND)	**43,900**
Expected share price return	32.6%
Expected dividend yield	2.3%
Expected total return	**34.9%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	27.1	3.2	-2.2	52.1
Relative	16.4	5.9	-3.8	34.0

Source: Bloomberg



Ownership

Hai Ha Transportation & Investment JSC.	16.8%
Da Phuong Thuc Co., Ltd.	3.9%
America LLC	3.3%
Vu Ngoc Son	2.9%

Stock Statistics	**31-Oct-24**
Bloomberg code	**HAH**
52-week range (VND)	23,826 – 47,150
Shares O/S (m)	101,5
Mkt cap (VND bn)	4,616
Mkt cap (USD m)	202
Est. Foreign room left (%)	20.1
Est. free float (%)	44.6
3m avg daily vol (shrs)	2,686,614
VND/USD	25,473
Index: VNIndex / HNX	1,264.5/226.4

Hai An Transport & Stevedoring JSC (HSX: HAH): Expanding the fleet, reaching new market

Founded in 2009, HAH is one of the pioneering port operators along Cam river in Hai Phong. Over the years, the company has gradually developed a comprehensive and integrated business model by offering a range of services: 1) port operations, 2) shipping services, and 3) other services (including inland ports (ICD), container-freight-station (CFS) warehouses, and ship agency services).

The shipping segment is the largest contributor to HAH's financial performance. As of the end of Q3 2024, assets and revenue from this segment accounted for 82.9% and 80.6% of the company's total assets and revenue, respectively. Meanwhile, the port operations segment has reached maximum capacity, leaving limited room for further growth. Other business segments (ICD, CFS warehouses, and ship agency services) are currently in the early stages and have not yet made significant contributions to the company's results.

HAH is pursuing a growth strategy centered on expanding and modernizing its fleet, with a focus on regional shipping routes. For period 2021-2023, the company invested in acquiring and building nine new ships, increasing the fleet size from seven vessels in pre-2021. By the end of August 2024, HAH's fleet had grown to 15 ships, with a total capacity of 23,000 TEU, representing a 31% market share of the domestic container shipping capacity. In addition, in September 2024, HAH approved an investment plan to acquire a used Panamax vessel with a capacity of 3,500-5,000 TEU to further expand into longer regional routes.

This expansion strategy, coupled with the completion of new vessel deliveries, positions HAH to potentially achieve peak profitability in the 2024-2025 period, supported by favorable container volume and charter rate trends. However, if global trade weakens, leading to a significant decline in container shipping rates and charter prices, HAH could face increased debt pressure, potentially impacting business performance. Despite these risks, the company's operating cash flow is expected to remain strong enough to cover its financial obligations.

Valuation and Recommendation: Given the current dynamics of the shipping industry, we believe the most challenging period is behind us, with the sector outlook expected to remain positive over the next 6-12 months. We recommend a BUY for HAH shares, with a fair value estimate of 58,200 VND per share based on a discounted cash flow analysis. This target price implies a 34.9% upside potential from the closing price on October 31, 2024, including cash dividends, with a 2024 P/E of 9.8x and a P/B of 1.9x. This valuation does not yet account for the potential dilution risk from the convertible bonds HAH issued at the beginning of 2024 (equivalent to 17.35% dilution).

	2022	2023	2024F	2025F	2026F
Net Sales (VND bn)	3,206	2,613	3,753	3,920	4,048
Growth (%)	*64%*	*-18%*	*44%*	*4%*	*3%*
EBITDA (VND bn)	1,608	888	1,264	1,328	1,375
Growth (%)	*87%*	*-45%*	*42%*	*5%*	*4%*
Profit after tax	1,041	358	626	620	674
Growth (%)	*89%*	*-66%*	*75%*	*-1%*	*9%*
EPS (bonus-adjusted, VND)	9,864	3,391	5,931	5,876	6,390
Growth (%)	*89%*	*-66%*	*75%*	*-1%*	*9%*
ROE (%)	0.4	0.1	0.2	0.2	0.1
ROA (%)	0.3	0.1	0.1	0.1	0.1
Net debt/EBITDA (x)	0.5	1.2	0.8	0.0	(0.7)
EV/EBITDA (x)	4.1	7.4	5.2	5.0	4.8
P/E (x)	5.9	17.2	9.8	9.9	9.1
P/B (x)	1.8	2.3	1.9	1.6	1.4
DPS (VND)	5,500	3,500	1,000	1,000	1,000
Dividend yield (%)	*13%*	*8%*	*2%*	*2%*	*2%*

I. Overview of Vietnam's Maritime Shipping Industry

Vietnam's maritime shipping industry is divided into three main segments: bulk shipping, container shipping, and oil and chemical transport. Bulk shipping and small container shipping typically operate on river routes with smaller vessels, while larger container ships serve coastal or regional routes. These services are predominantly provided by domestic private companies, whereas oil and chemical transport, catering to national projects, is mainly managed by state-owned enterprises.

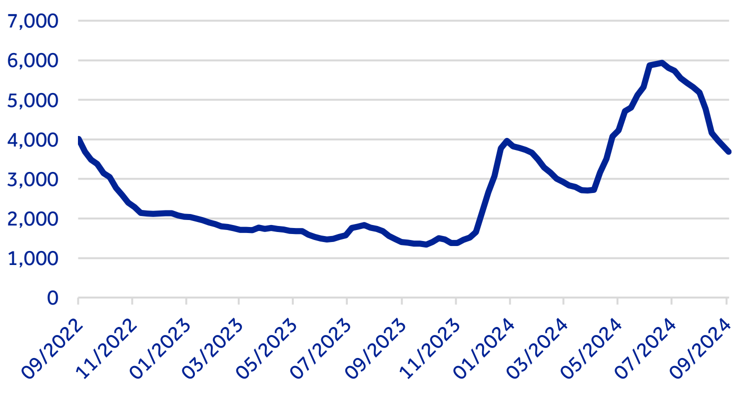
The domestic fleet composition is approximately 70% bulk and general cargo ships, 20-25% oil and chemical tankers, and less than 10% container vessels. The average capacity of container ships is around 2,000 TEU, suitable for domestic or short-haul regional routes. Despite Vietnam's strengths in import-export activities and its advantageous geographic position with a long coastline and dense river network, the maritime shipping industry has not fully developed. Shipping activities are largely confined to short domestic or coastal routes, with limited participation in international routes.

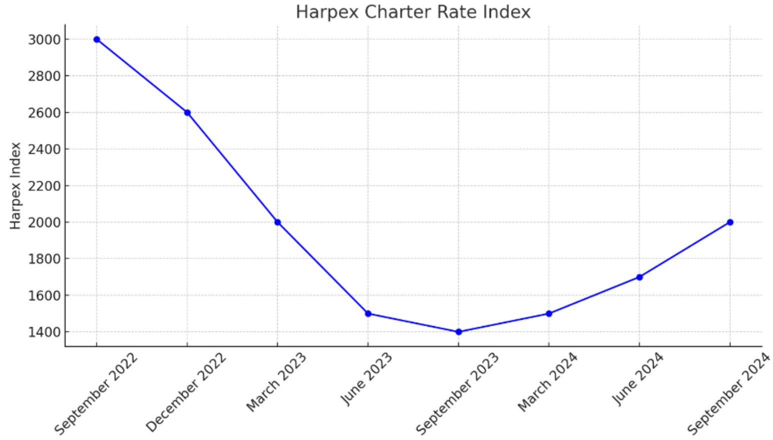
Regarding container shipping, HAH leads the market with a fleet of 15 vessels, each with a capacity of 1,700-2,000 TEU. Both Vietnam's maritime shipping industry in general, and HAH in particular, are heavily influenced by global trade dynamics and the state of intra-Asia and domestic container transport.

In 2023, geopolitical conflicts and international disputes disrupted the supply of essential goods, raising the risk of prolonged global inflation. This led to a decline in consumer spending, which in turn negatively affected container throughput across many countries.

However, signs of recovery in global trade emerged in Q4/2023, with container throughput worldwide reaching 866 million TEU by the year's end, marking a slight increase of 0.5% year-on-year. Despite this, the average global container freight rate in 2023 fell sharply to $1,700 per 40-foot container, down 77.7% from the 2022 average. **The low freight rates, coupled with sluggish demand, adversely impacted the financial performance of most companies in the logistics chain, particularly domestic shipping firms, leading to negative growth in business results for 2023 compared to the previous year.**

World container index

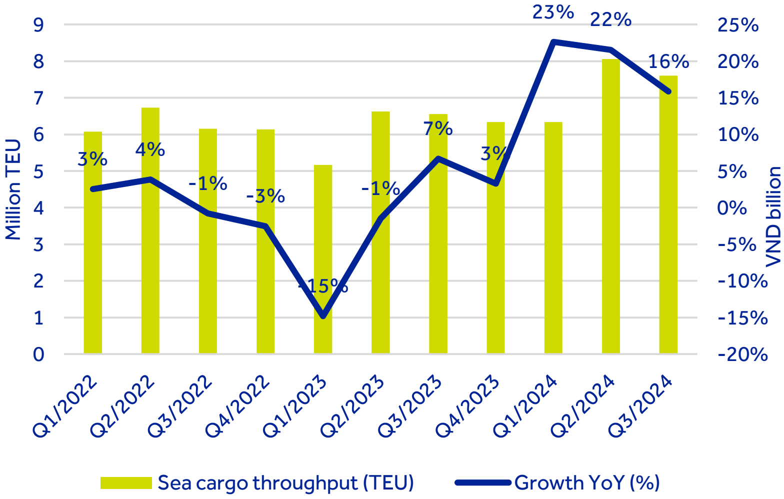




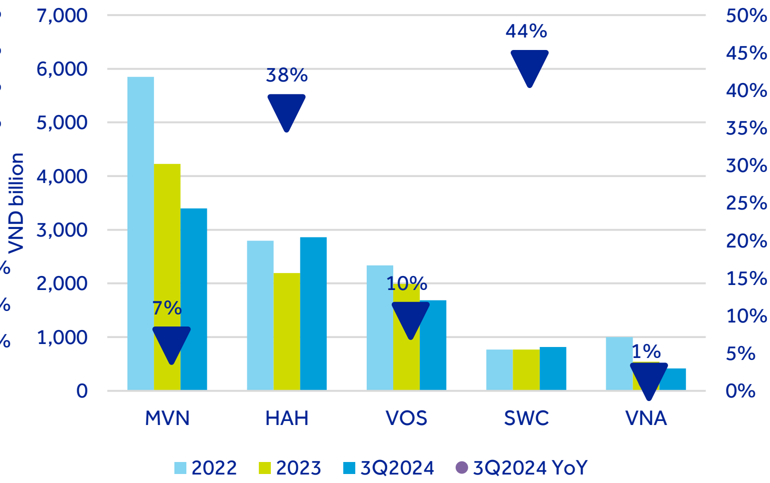
Source: WCI, Harper, ABCS

Alongside the general recovery, the global trade landscape in the first half of 2024 was further bolstered by a robust 13% growth in exports from China, which accounts for an average of 13% of total global exports. This growth was primarily driven by the electronics components, semiconductors, and automotive sectors. The surge in demand resulted from importers ramping up inventory ahead of new tariffs set to be implemented by the U.S. and EU at the end of 2024 on these Chinese goods.

Vietnam's total container throughput



Shipping segment performance by companies



Source: GSO, ACBS

The recovery in demand for goods and rising transportation costs have created favorable conditions for leading maritime shipping companies to regain growth momentum in 1H2024. Specifically, the shipping segment of MVN recorded revenue of VNDbn 2,266 (+5.8% YoY), HAH achieved VNDbn 1,333 (+29.5% YoY), and VOS reached VNDbn 1,176 (+13.5% YoY). **We believe these two factors will continue to drive the recovery of the maritime shipping industry in the second half of 2024 and into 2025.**

II. Company Overview

Founded in 2009 in Hai Phong, HAH currently offers an integrated logistics service chain across three main business segments: 1) port operations, 2) shipping services, and 3) other activities, including ICD, CFS warehouses, and ship agency services.

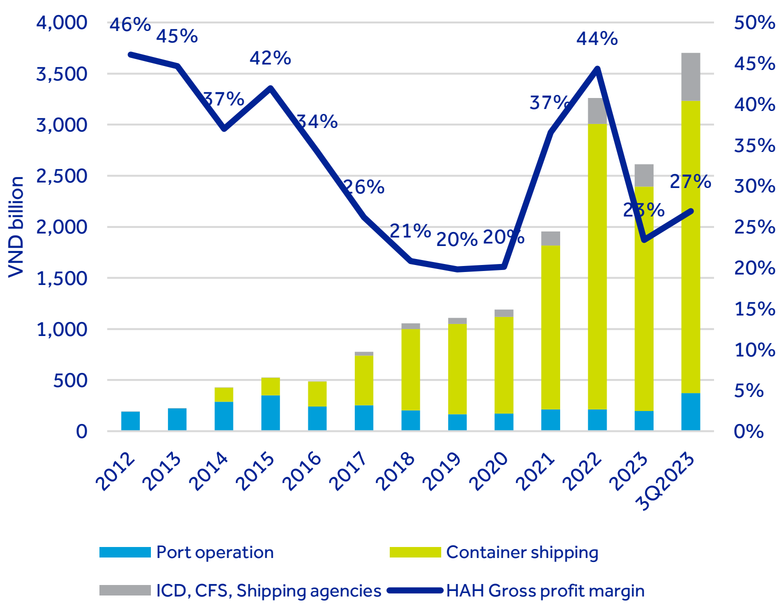
Business lines	Year of operation	Facilities	Designed Capacity	Operating Area, Market
Port operation	2011	The port has a total area of 15 hectares, located in Hai Phong, with a 15-meter long wharf, and is capable of handling vessels with a capacity of up to 20,000 DWT.	Designed capacity of 300,000 TEU/year. Currently operating at 20% over capacity	Handling bulk cargo, domestic and import-export containers
Container shipping	2014	Operating 15 ships with a total capacity of 23,000 TEU	Maximum designed capacity of 1 million TEU/year	Domestic and intra-Asia market
Others (ICD, CFS, Shipping agencies)	2017	Total area of 154,000 m², including 80,000 m² Depot warehouse, 20,000 m² CFS and bonded warehouse	Designed capacity of 400,000 TEU/year	Located in Nam Dinh Vu Industrial Park, supporting Hai An Port and surrounding ports

Source: HAH, ACBS

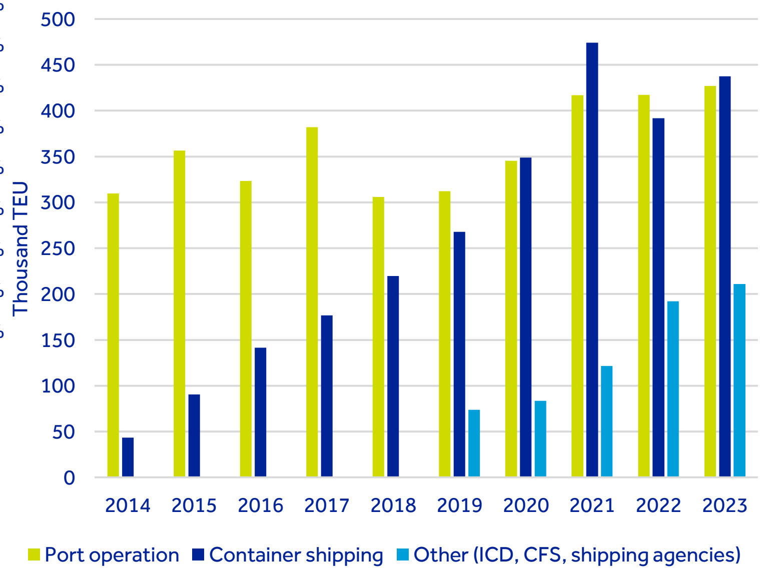
HAH initially focused on port operations. However, since 2018, when Bach Dang bridge became operational, larger ships have faced difficulties accessing ports located behind the bridge for import-export activities. As a results, ports like Hai An mainly handled domestic cargo, which has lower stevedoring fees, causing revenue and profit from the port segment to stagnate. Meanwhile, the shipping segment showed potential for growth, prompting HAH to increase investments in this area starting in 2020.

By 2023, HAH had emerged as one of Vietnam's leading maritime shipping companies, with a market capitalization of VNDbn 4,242 and revenue of VNDbn 2,613. The company achieved a compound annual growth rate (CAGR) of 22.2% from 2014 to 2023. Revenue from shipping rose significantly, accounting for 84% of total revenue, up from 32% in 2014, with a CAGR of 36% over the same period. Conversely, the contribution of port operations declined from 67.3% to 7.6% in 2023, with revenue from this segment experiencing a CAGR decrease of 4.1%.

HAH's business lines performance



HAH container throughput by segment



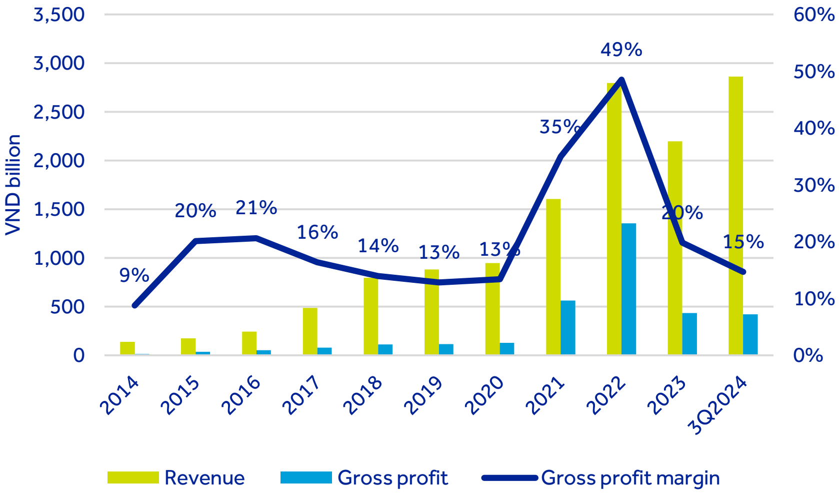
Source: HAH, ACBS

1. Container shipping

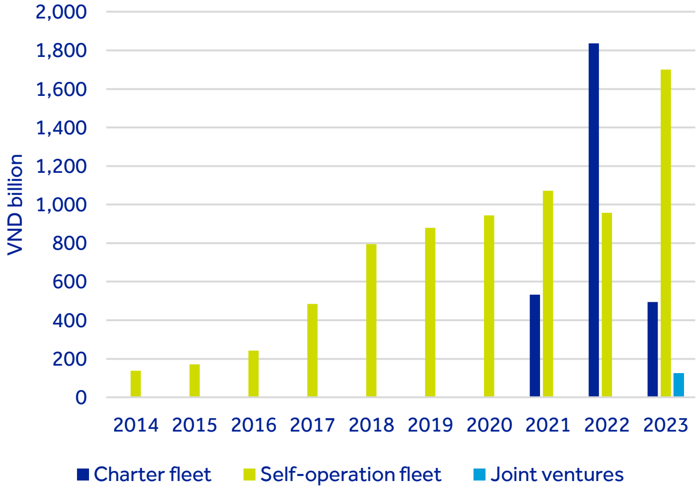
HAH began its shipping operations in 2014, which enabled the company to establish a fully integrated value chain by closely linking its shipping segment with port operations, depots, and CFS facilities. This integration has been a key driver of growth for the entire company. Since 2016, the shipping segment has surpassed port operations in terms of revenue and profit contribution.

As of August 2024, HAH owned a fleet of 15 container vessels with a total capacity of 23,000 TEU, accounting for 31% of the total container shipping capacity in Vietnam. The fleet consists of 11 vessels with an average capacity of 1,500-2,000 TEU and 4 vessels with a capacity ranging from 700-1,000 TEU.

HAH container shipping performance



HAH container shipping performance by segment



Source: HAH, ACBS

Regarding its market operations, HAH's fleet began serving intra-Asia routes from 2021, whereas previously it primarily operated on domestic routes. Diversifying its market operations has helped HAH improve revenue and gross profit margins, as freight rates for international routes are higher than those for domestic services. The period from 2021 to 2024 also saw the company significantly expand its fleet, nearly tripling its total capacity compared to the previous period.

	2014-2020	2021	2022	2023	2024
Domestic Route	Hai Phong-HCM City	Hai Phong-HCM City	Hai Phong-HCM City	Hai Phong-HCM City	Hai Phong-HCM City
Intra-Asia Route		Hai Phong-China	Hai Phong-China	Hai Phong-China	Hai Phong-China
				Hai Phong-West Asia	Hai Phong-West Asia
					Hai Phong-Singapore

Source: HAH

HAH's shipping revenue comes from three main segments: (1) self-operated shipping, (2) joint ventures, and (3) charter leasing. The allocation of vessels to each activity is adjusted based on market charter rates. When rates are high, HAH prioritizes charter leasing to optimize profitability. Conversely, when charter rates are low, the company limits leasing and increases self-operation to better control operating costs and maintain business stability. Charter contracts typically last from six months to one year. Currently, HAH is self-operating 8 ships and leasing 7 ships through the end of 2024.

Self-Operated Shipping includes domestic and intra-Asia container transport across four main routes, with HAH directly managing domestic routes and Hai Phong–China route.

Domestic Routes primarily involve Hai Phong–Da Nang–Ho Chi Minh City corridor, which connects the largest ports in Vietnam. To maintain stable operations in the domestic market, HAH requires about 6-7 ships, with a frequency of 3-4 trips per week.

International Routes: HAH currently operates two main international routes: Hai Phong–West Asia and Hai Phong–Ho Chi Minh City–Singapore. These serve as transshipment links for larger carriers, facilitating cargo movement to the U.S. and Europe. As long-haul intercontinental routes are typically handled by major global shipping lines, HAH collaborates with larger carriers like ZIM and ONE for transshipment services. ZIM has a strong global network, covering distant markets like the U.S. and EU, while ONE is well-positioned within the intra-Asia region.

For these joint ventures, 3 ships are allocated to ZIM and ONE, including one monthly trip on the Hai Phong–West Asia route and two weekly trips on Hai Phong–Ho Chi Minh City–Singapore route.

Time Charter Leasing: This activity is significantly impacted by fluctuations in international charter rates, especially during periods of disruption, such as the supply chain crisis caused by the COVID-19 pandemic and geopolitical conflicts. When mainline vessels can only call at major ports, the demand for feeder ships—used for transshipping goods between smaller and larger ports—surges.

Currently, HAH has 7 ships on time charter through the end of 2024, up from just 3 ships in 2023.

	Capacity	Charter time	Charter rate (USD/day)
Haian Mind	1,794	12/2024	24,000
Haian View	1,577	01/2025	15,000
Haian West	1,740	12/2024	14,000
Haian East	1,702	12/2024	14,500
Anbien Bay	1,708	12/2024	40,000
Anbien Sky	1,800	06/2025	16,000
Haian Opus	1,800	08/2025	24,000

Source: HAH, ACBS

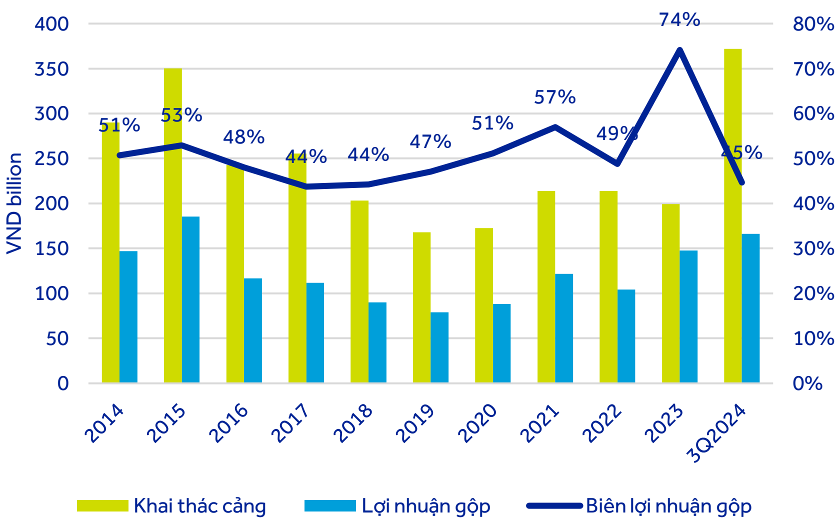
2. Port operation

HAH currently owns a single port, Hai An port, which has been in operation since 2012 with a designed capacity of approximately 300,000 TEU per year. The port is strategically located upstream on Cam river.

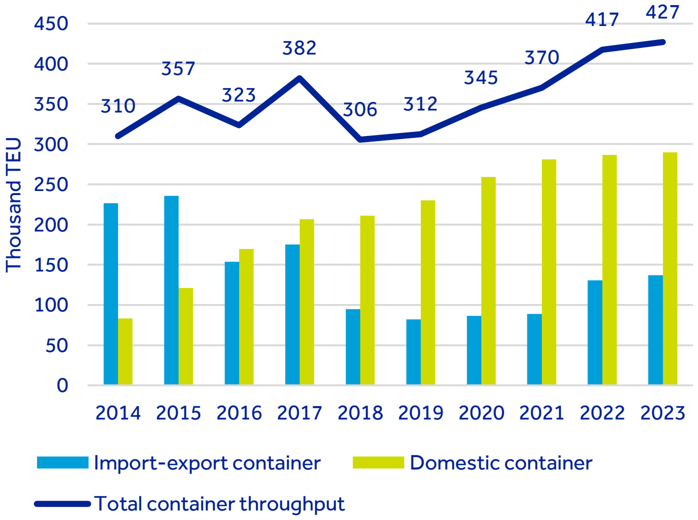
Thanks to its favorable position, Hai An Port has been operating at maximum capacity since 2015. However, its revenue and gross profit margins have shown volatility due to the nature of its container throughput, which primarily consists of domestic cargo handled by HAH's own fleet. Meanwhile, the volume of import-export containers has been affected by larger vessels shifting their operations downstream on Cam river since the Bach Dang bridge became operational in 2018.

Growth Prospects: We believe that the growth potential for port operations is limited, as Hai An Port is already operating at full capacity with no room for further expansion.

HAH port operation performance



Hai An port's container throughput by type



Source: HAH, ACBS

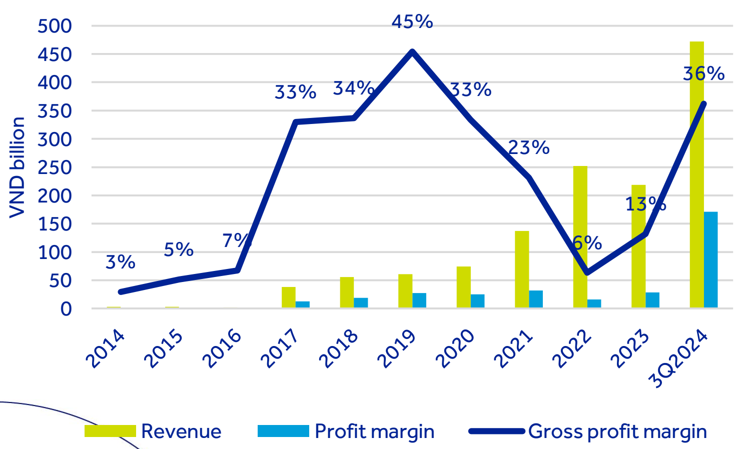
3. Other operations (ICD, CFS, shipping agencies)

Warehousing Services: In October 2017, Pan Hai An Co., Ltd. was established as a joint venture between HAH and Pantos Holdings Incorporation (South Korea) with the goal of developing and operating Pan Hai AN Logistics Center at the Nam Dinh Vu Industrial Zone. The joint venture has a charter capital of VNDbn 276, with HAH holding a 51% stake.

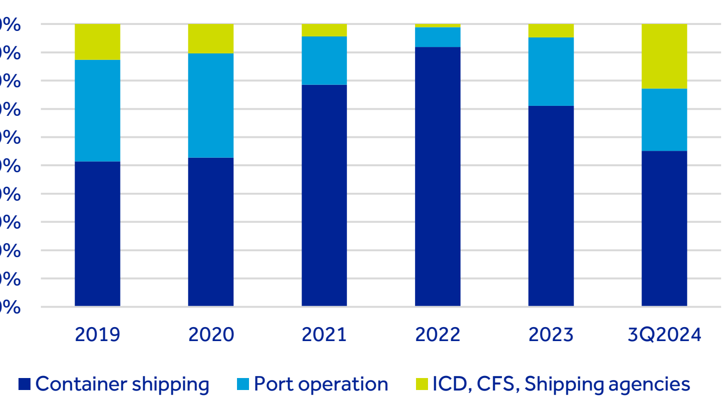
With a total investment of VNDbn 600, Pan Hai An has a designed capacity of approximately 400,000 TEU per year, spanning a total area of 154,000 square meters. This includes 80,000 square meters for depot storage, 20,000 square meters for CFS warehousing, and bonded warehouse facilities. Strategically located near the lower reaches of the Cam river, Pan Hai An is in close proximity to major deep-water ports such as Nam Dinh Vu, Nam Hai Dinh Vu, and Xanh VIP, facilitating services such as lifting, stuffing and unstuffing, cargo consolidation, and storage of containers and goods.

Other Services include shipping agency for Haian Lines, road transportation, container repair, and cleaning services.

ICD, CFS, Shipping agencies performance



HAH Gross profit margin composition



Source: HAH, ACBS

Pan Hai An achieved a compound annual revenue growth rate of 33.8% from 2017 to 2023. However, its gross profit margin has been relatively unstable, and its contribution to the company's total gross profit has remained modest at around 10-15%.

Growth Prospects: While Pan Hai An has shown some growth, we believe its primary role is to support HAH's core port and shipping operations by optimizing costs in these main business segments. As a result, HAH's depot operations are expected to maintain stable growth moving forward.

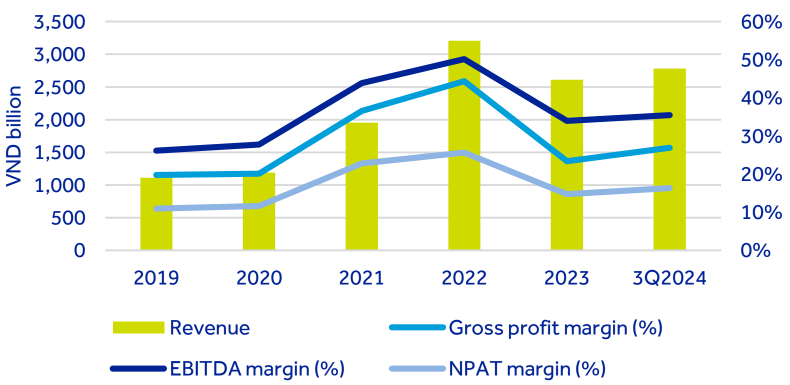
4. Financial performance

The company's operational efficiency (gross margin, EBITDA margin, and net profit margin) and profitability ratios (ROA, ROE) have shown a strong correlation with revenue fluctuations, particularly during two key periods: the surge in freight rates in 2022 and the decline in 2023.

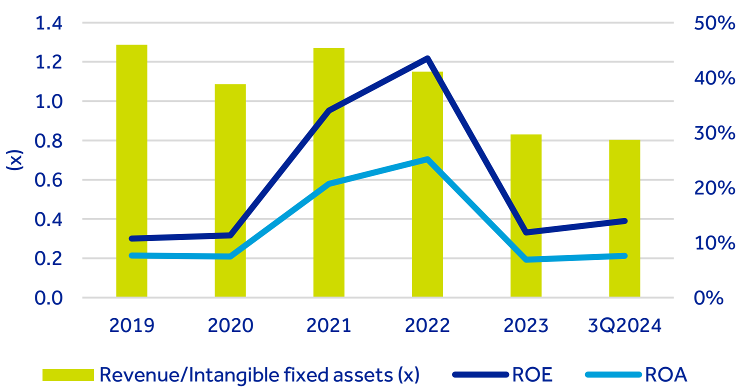
From 2021 to 2024, the company has also undertaken its most aggressive expansion since its founding, nearly tripling its fleet capacity. This expansion has led to an increase in the Debt-to-Total Assets ratio from 21.9% to 29% for the same period. Additionally, with the acquisition of four new vessels in an unfavorable business environment (Q4/2023 and Q1/2024), HAH faces added pressure from rising interest costs, which has constrained its return on equity.

However, revenue growth recovered in Q3/2024, resulting in a positive 3Q/2024 performance in general. Consequently, HAH's liquidity ratios remain at reasonable levels, reflecting a balanced financial position despite external challenges.

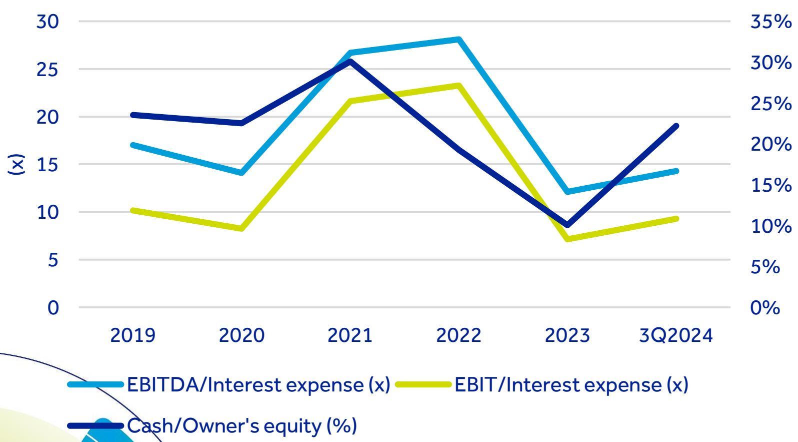
Operating ratios



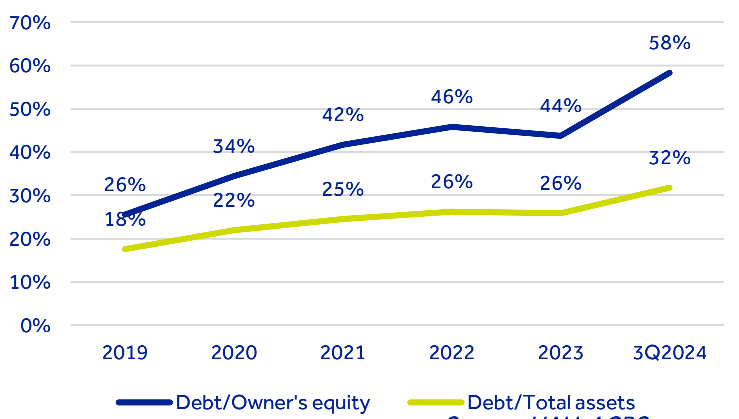
Profitability ratios



Liquidity ratios

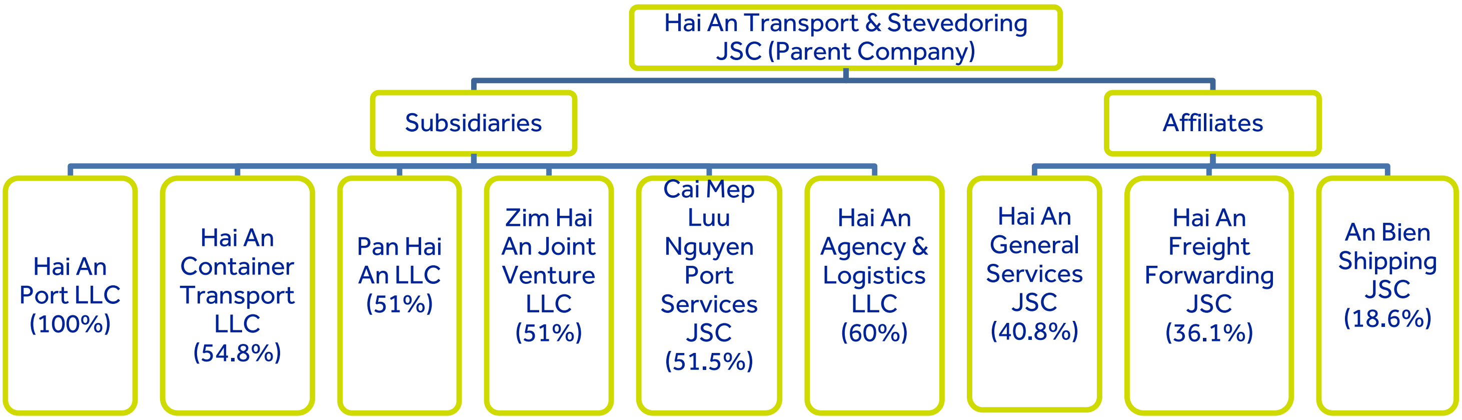


Leverage ratios



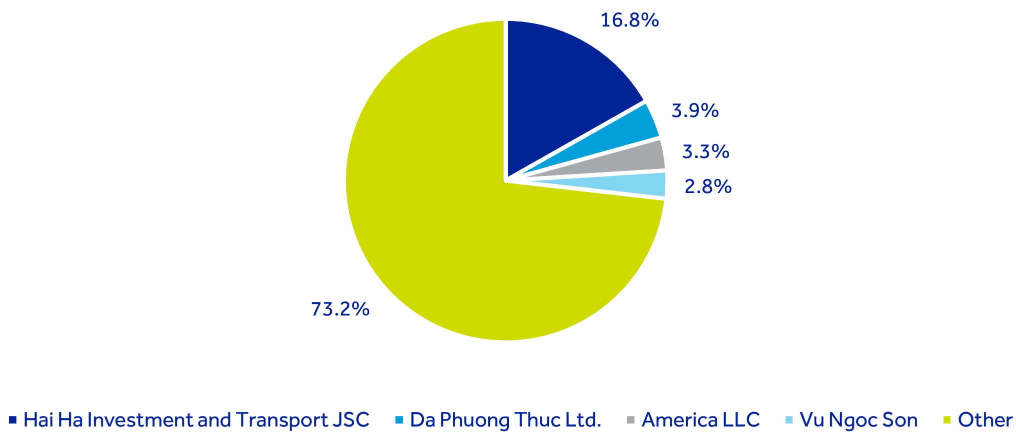
Source: HAH, ACBS

5. Organizational structure & shareholding structure



HAH has a dispersed ownership structure. The largest shareholder is Hai Ha Investment and Transport JSC, holding 16.8% of the shares, while the majority of the remaining shares are owned by small shareholders with individual stakes below 5%. As of the end of September 2024, domestic shareholders held 91.8% of the shares, with foreign shareholders owning 8.2%.

Shareholding structure as of September 30, 2024



Source: Bloomberg

The current Chairman of the Board is Vu Thanh Hai, the son of Vu Ngoc Son, who served as Chairman from 2016 to 2023.

HAH follows a dividend policy of distributing 20-30% of net profit in periods of stable operations or when there are no significant investment activities (2014-2020). However, in recent years, dividends have been issued exclusively in the form of stock, with payout ratios of 40% in 2022 and 50% in 2023, due to the company's ongoing expansion, including the addition of four new vessels from 2021 to 2024.

For its 2024 business plan, HAH intends to pay a dividend consisting of 10% in cash and 10% in shares.

III. Investment thesis

1. Focused on expanding and modernizing its fleet to penetrate deeper into the international maritime market.

HAH's strategies over the past three years demonstrate a strong commitment to integrating more deeply into the regional shipping value chain through the following initiatives:

Fleet modernization to meet international standards: The company is investing in fleet renewal to meet the demands of international markets, with a focus on improving fuel efficiency, reducing operational costs, cutting emissions, and complying with environmental standards. This approach aims to optimize vessel utilization and productivity.

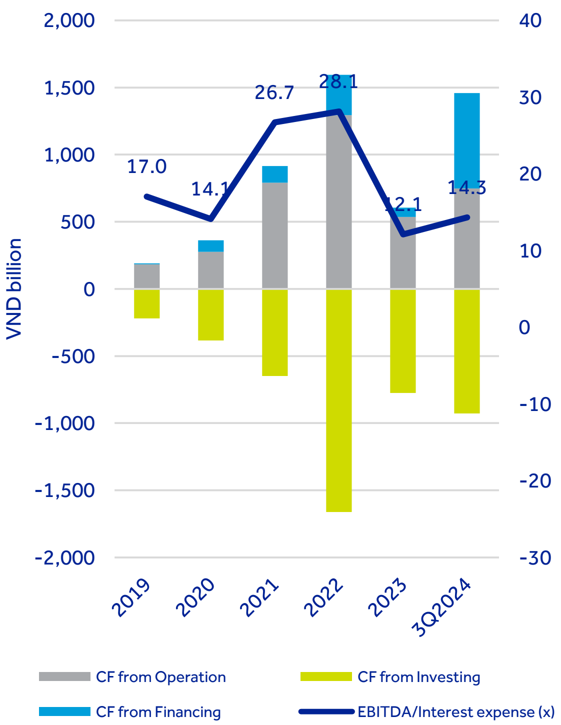
Establishing Joint Ventures to expand regional routes: By launching new regional shipping routes, HAH is capitalizing on higher international freight rates compared to domestic rates. This strategy is expected to provide the company with stable revenue and profit margins over the medium and long term.

Investing in larger vessels to enhance operational efficiency and optimize costs: In September 2024, HAH approved a plan to purchase a used Panamax container ship (3,500-5,000 TEU) as part of its business expansion strategy. This move will not only increase the average carrying capacity per vessel but also maximize economies of scale, especially in a market where container freight rates and charter prices remain elevated.

Medium to long-term outlook: As container freight rates and charter prices eventually stabilize, operating larger vessels on international routes will allow HAH to improve its business efficiency and maintain competitiveness within the industry. This strategy positions the company for sustainable growth, leveraging its expanded capacity and optimized cost structure.

Container fleet capacity	Average gross profit margin	Operating routes
< 1,499 TEU	15–20%	Suitable for domestic routes, short distances, or routes with small ports.
1,500–2,000 TEU	20–25%	Often deployed on short-distance routes and intermediate regions, connecting regional ports with international transshipment hubs.
> 2,000 TEU	25–30%	Suitable for regional and short international routes.

Cashflow and Interest payment capacity



Source: HAH, ACBS

HAH's fleet expansion requires an increase in debt levels. However, its ability to service debt remains secure due to strong cash flow from operating activities, even though profits may be impacted by rising interest rates. During the 2021-2024 period, the company's fleet expansion efforts resulted in a debt-to-equity ratio of 40-50%. Nonetheless, cash flow from operations (CFO) has partially offset cash outflows from investment activities (CFI) between 2019 and 2023. Additionally, HAH has maintained an average EBITDA/interest coverage ratio of 14.3x, ensuring stable interest payments and sound financial management.

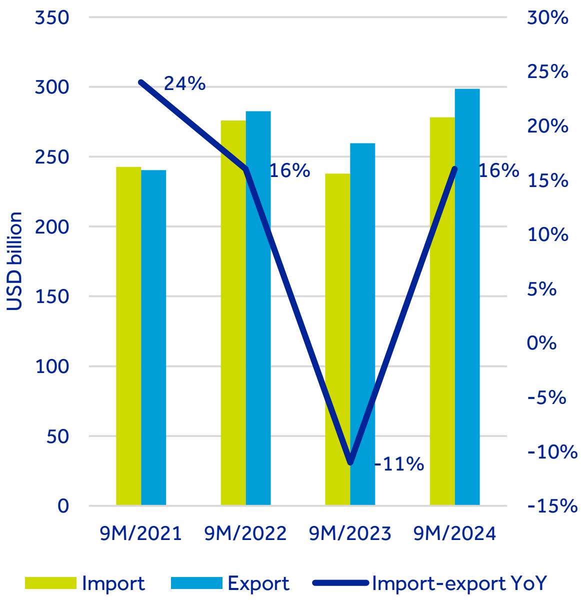
Sensitivity analysis table of ROE for an 1,800 TEU Vessel

		Interest rate				
		6.5%	**7.5%**	**8.5%**	**9.5%**	**10.5%**
	18,500	0.18	0.17	0.16	0.15	0.14
	18,500	0.18	0.17	0.16	0.15	0.14
Charter rate	**17,000**	0.17	0.16	0.15	0.14	0.13
	15,500	0.16	0.15	0.14	0.13	0.12
	15,500	0.16	0.15	0.14	0.13	0.12

2. Growth outlook for import-export activities

According to Statista, global container throughput is expected to reach 901 million TEU (+4% year-on-year) in 2024, returning to the average annual growth rate after a period of stagnation, with increases of just 0.7% and 0.5% in 2022 and 2023. This rebound is likely to boost regional cargo volumes and provide momentum for charter rates.

Import-export 9M by years



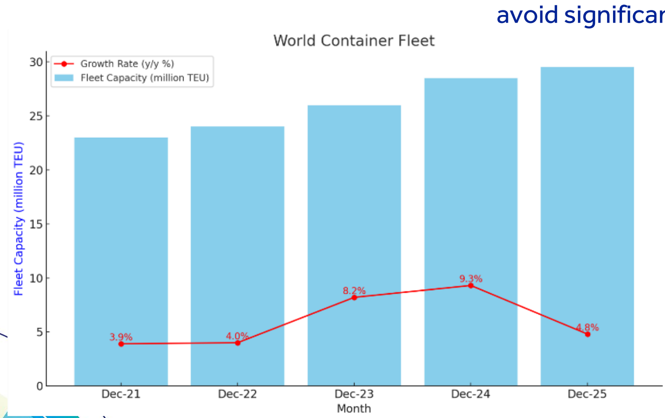
Source: GSO, ACBS

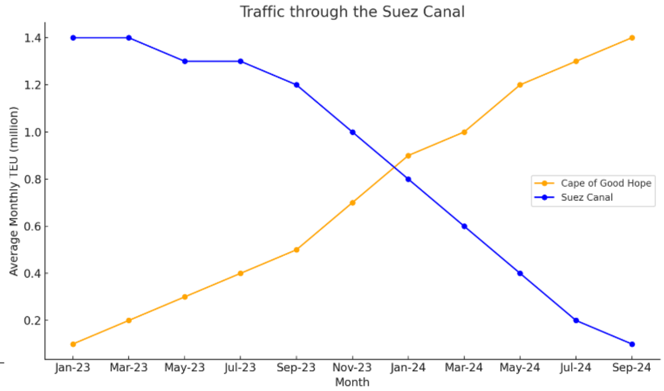
Although charter rates have eased since July 2024, they remain higher than in 2023. BIMCO forecasts that the supply of container ships will grow by 9.3% in 2024 and 4.8% in 2025, as vessel orders from 2021 are gradually delivered. While this increase in supply could put downward pressure on global freight rates, the impact is expected to be delayed. This is because most new deliveries are large vessels with capacities of 15,000-24,000 TEU, which primarily operate on long-haul intercontinental routes.

Currently, ships on Asia-Europe and Asia-America routes are adjusting their journeys to navigate around the Cape of Good Hope due to geopolitical conflicts. This route change is extending transit times, and even with the increase in the number of vessels, it does not immediately alleviate pressure on freight rates.

Regional demand for goods is recovering, moving past challenging times: National container throughput in the first half of 2024 reached 14.4 million TEU (+22% YoY). With positive signals from HAH's performance in Q3/2024, we believe the company's results have likely bottomed out. Additionally, HAH completed the early delivery of four new vessels by the end of 2024. With the recovery outlook and improved transport capacity, growth in the second half of 2024 and 2025 is expected to be driven by higher container volumes compared to the low base in 2023.

For HAH, the company benefits from its fleet mainly operating on short-haul regional routes, making it less affected by the increase in ship supply on long-haul routes. This positioning helps HAH maintain operational efficiency and avoid significant fluctuations from global market dynamics.





Source: BIMCO

IV. Financial forecast and valuation

For the period 2024-2026, we project compound annual growth rates (CAGR) of 15.7% for revenue and 14.3% for net profit after tax (NPAT) for HAH, based on the company's current fleet as of the end of 2024. Given HAH's ambitions to expand its fleet and engage in more regional and international shipping routes, it's likely that the company will continue its strategy of building or acquiring additional vessels in the future.

FY2024, we project HAH's revenue to reach VNDbn 3,753 (+43.7% YoY) and NPAT at VNDbn 534 (+38.8% YoY), driven by improved container volumes due to the delivery of new vessels operational in 1H2024. **Container shipping** revenue is expected to be VNDbn 3,156 (+43.8% YoY), with projected container volume at 591,959 TEUs (+35.3% YoY). Gross profit is estimated at VNDbn 611 (+40.5% YoY), yielding a gross margin of 19.3%.

Port operations revenue is forecasted at VNDbn 313 (+57.2% YoY) with throughput volume reaching 491,737 TEUs (+15.1% YoY). Given that average container throughput from 2020-2023 exceeded design capacity by approximately 20%, we expect growth momentum to be driven by a shift in the volume structure from domestic to international container services via HAH's fleet. **Revenue from other operations** is expected to contribute VNDbn 284 (+29.8% YoY).

FY2025, we project HAH's revenue to grow by 4.4% YoY, with a slight net income decline of -1% YoY due to debt financing pressures. However, by 2026, we anticipate a recovery in financial performance as HAH's fleet stabilizes its utilization rates in both domestic and international markets, along with decreasing debt pressures.

HAH's performance is highly correlated with fluctuations in charter rates and freight rates at the time of projection. In Q2/2024, HAH renewed its vessel leasing contracts with terms of 6-12 months, ensuring stable revenue at least through 1H2025. Additionally, intra-Asia freight rates are expected to remain high due to pressures on intercontinental routes affected by geopolitical tensions in the Red Sea area, supporting HAH's self-operating segment to maintain its positive momentum seen in Q3/2024. However, we note that unexpected shifts in charter and freight rates may require adjustments to our projections.

At the beginning of 2024, HAH successfully issued VNDbn 500 of convertible bond with a 5-year term and a fixed annual interest rate of 6.0%. The conversion price is set at 27,300 VND per share, potentially resulting in the issuance of approximately 18.3 million new shares. If conversion occurs, these new shares would represent about 17.3% of the total outstanding shares, posing a dilution risk and potentially decreasing earnings per share. However, as we currently lack specific information regarding bondholders' conversion plans, our valuation does not account for this dilution risk from the bond issuance.

We recommend a BUY rating for HAH, with a fair value target of VND 58.200 per share, based on a DCF valuation. Compared to the closing price on October 31, 2024, this target offers a potential upside of 34.9%, inclusive of a VND 1,000 per share cash dividend, with a 2024 P/E of 9.8x and P/B of 1.9x.

Unit: VNDbn	2022	2023	2024F	2025F	2026F
Revenue	3,206	2,613	3,753	3,920	4,048
Growth (%)	*64%*	*-18%*	*44%*	*4%*	*3%*
Port operation	214	199	313	294	310
Container shipping	2,794	2,195	3,156	3,334	3,429
Other (ICD, CFS, shipping agency)	252	219	284	293	309
Gross profit	1,422	611	1,034	1,047	1,084
Gross profit margin	*44%*	*23%*	*28%*	*27%*	*27%*
EBIT	1,330	523	902	909	953
EBITDA	1,608	888	1,264	1,328	1,375
Profit before-tax	1,272	450	782	775	843
Growth (%)	*92%*	*-65%*	*74%*	*-1%*	*9%*
Profit after-tax	1,041	358	626	620	674
Growth (%)	*89%*	*-66%*	*75%*	*-1%*	*9%*
NPAT margin	32%	14%	17%	16%	17%

Unit: VNDbn	2022	2023	2024F	2025F	2026F
EBIT	1,330	523	902	909	953
Minus: Tax	242	107	180	182	191
EBIAT	1,088	416	721	727	762
Plus: Depreciation & Amortization	278	364	362	419	422
Minus: CAPEX	(1,556)	(732)	(1,600)	(100)	(0)
Minus: Working Capital	(420)	(280)	783	57	24
FCFF	**(610)**	**(231)**	**266**	**1,103**	**1,208**

Risk free	4.3%
Risk premium	9.5%
Beta	1.2
Cost of capital	15.7%
Equity weight	69.6%
Chi phí nợ vay	5.3%
Debt weight	30.4%
WACC	**12.2%**

Present value of stage 1 cash flows	3,415
Present value of terminal value	4,146
Enterprise value (EV)	7,561
Less: Debt	(1,387)
Plus: Cash & short term investment	318
Equity value	6,138
Share outstanding (shares)	105,516,900
Equity value per share (VND/share)	**58,200**

HAH FINANCIAL MODEL	**Price (VND):**	**43,900**	**Target (VND):**	**62,700**	**Mkt cap (VND bn):**	**4,616**
Unit: VND bn		**2022**	**2023**	**2024F**	**2025F**	**2026F**
Revenue		**3,206**	**2,613**	**3,753**	**3,920**	**4,048**
Growth (%)		*64%*	*-18%*	*44%*	*4%*	*3%*
Port operation		**214**	**199**	**313**	**294**	**310**
Container shipping		**2,794**	**2,195**	**3,156**	**3,334**	**3,429**
Other (ICD, CFS, shipping agency)		**252**	**219**	**284**	**293**	**309**
Gross profit		**1,422**	**611**	**1,034**	**1,047**	**1,084**
Gross profit margin		*44%*	*23%*	*28%*	*27%*	*27%*
Selling expenses		-	-	-	-	-
General & administration expenses		114	125	169	179	176
Net operating profit		**1,308**	**486**	**865**	**868**	**908**
Operating profit margin		*41%*	*19%*	*23%*	*22%*	*22%*
Financial income		39	30	15	15	15
Financial expenses		76	84	120	134	110
Other income		(27)	3	7	9	11
Profit/(loss) in associates, joint venture		-	-	-	-	-
Profit before tax		**1,272**	**450**	**782**	**775**	**843**
Profit after tax		**1,041**	**358**	**626**	**620**	**674**
Non-controlling interest		219	(27)	94	93	101
NPAT-MI		**822**	**385**	**532**	**527**	**573**
Net profit margin		*26%*	*15%*	*14%*	*13%*	*14%*
Cash, cash equivalents & short-term investments		556	318	599	1,243	2,025
Share outstanding (mn)		70.3	105.5	105.5	105.5	105.5
EPS (VND)		14,796	3,391	5,931	5,876	6,390
Adjusted EPS (VND)		9,864	3,391	5,931	5,876	6,390
EPS growth		*89%*	*-66%*	*75%*	*-1%*	*9%*

KEY CASHFLOW AND BS ITEMS	2022	2023	2024F	2025F	2026F
Increase in working capital	(420)	(280)	783	57	24
Capex	(1,556)	(732)	(1,600)	(100)	(0)
Free cash flows	**(610)**	**(231)**	**266**	**1,103**	**1,208**
Dividends paid	387	369	106	106	106
Increase in net debt	546	302	(108)	(934)	(1,052)
Net debt, end of year	**767**	**1,069**	**961**	**27**	**(1,026)**
Shareholder's equity	**2,887**	**3,171**	**3,709**	**4,242**	**4,822**
BVPS (VND)	32,853	25,218	30,318	35,372	40,867
Net debt / Equity	0.3	0.3	0.3	0.0	(0.2)
Net debt / EBITDA	0.5	1.2	0.8	0.0	(0.7)
Total assets	**5,049**	**5,359**	**6,180**	**6,432**	**6,748**

KEY RETURN AND VALUATION RATIOS	2022	2023	2024F	2025F	2026F
ROE	0.4	0.1	0.2	0.2	0.1
ROA	0.3	0.1	0.1	0.1	0.1
ROIC	0.2	0.1	0.1	0.1	0.1
WACC	11.5%	11.5%	11.5%	11.5%	11.5%
P/E (x)	5.9	17.2	9.8	9.9	9.1
EV/EBITDA (x)	4.1	7.4	5.2	5.0	4.8
EV/FCF (x)	(10.8)	(28.6)	24.9	6.0	5.5
P/B (x)	1.8	2.3	1.9	1.6	1.4
P/S (x)	1.9	2.4	1.6	1.6	1.5
EV/sales (x)	2.1	2.5	1.8	1.7	1.6
Dividend yield	13%	8%	2%	2%	2%

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DISCLAIMER

Our Recommendation System

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months
OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months
NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months
UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months
SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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