



GMD Update – N/A

November 15, 2024



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Update report

Recommendation

N/A

HOSE: GMD

Seaport

Target price (VND)

N/A

Market price (VND)

66,600

Expected share price return

N/A

Expected dividend yield

1.5%

Expected total return

N/A

Stock performance (%)

	YTD	1M	3M	12M
Absolute	13.9	0.6	-1.7	15.7
Relative	3.1	3.8	-3.6	0.3

Source: Bloomberg



Ownership

KIM Co Ltd.	3.8%
VietFund Management Ltd	3.3%
KIM VN Growth EQ Fund	2.8%
Schroders PLC	2.1%
TMAM Vietnam Equity	1.9%

Stock Statistics 15-Nov-24

Bloomberg code	GMD
52-week range (VND)	56,600–74,700
Shares O/S (m)	414
Mkt cap (VND bn)	27,571
Mkt cap (USD m)	1,081
Est. Foreign room left (%)	1
Est. free float (%)	97.7
3m avg daily vol (shrs)	1,025,526
VND/USD	25,500
Index: VNIndex / HNX	1,231.9/223.8

GEMADEPT CORPORATION (GMD VN)

GMD's Q3/2024 financial results showed significant growth, with net revenue and profit before tax (PBT) for the first nine months reaching 85.5% and 102.5% of the company's annual targets for 2024, equivalent to 78% and 104% of our projections, respectively. These figures indicate that GMD is likely to surpass our revenue and PBT expectations for the year, supported by a resurgence in global trade that has substantially increased container throughput at GMD's ports. In response to this positive momentum, GMD issued rights to existing shareholders in October, 2024 to raise additional capital for business expansion and to address bank debt obligations. Given these developments, we will reassess GMD's business outlook and valuation. Our current target price and ratings will remain suspended until the release of an updated report.

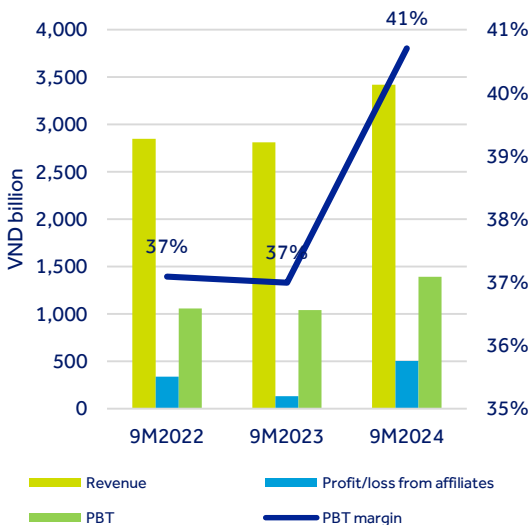
For Q3/2024, GMD reported a revenue of VND1,264 bn (+26.7% YoY), and a gross profit of VND581 bn (+25.1% YoY). PBT reached VND501 bn (+25.9% YoY). In which:

- Port operations segment** reported revenue of VND1,095 bn (+35.7% YoY) and gross profit of VND583 bn (+54.2% YoY). The gross margin for this segment reached 53.2%, up by 6.4% from Q3/2023. **In contrast, logistics segment** experienced a downturn, with revenue of VND169 bn (-22.4% YoY) and gross profit of -VND0.7 bn. This negative gross profit resulted in a decrease in GMD's overall gross margin to 46% in Q3/2024, a slight drop of 0.6% from Q3/2023.
- Profit from subsidiaries and affiliates** was recorded at VND222 bn (+324.7% YoY), primarily due to operational profits from Gemalink port. On the balance sheet, the current value of investment in Gemalink was VND1,886 bn, increasing VND308 bn YTD.

For 9M2024, GMD achieved a net revenue of VND3,421 bn (+21.6% YoY). However, PBT decreased by 40.2% to VND1,728 bn, largely due to reduced financial revenue from divestments of port assets, which totaled VND336 bn in 2024, down from VND1,844 bn in 2023. Excluding these divestments, the core operational PBT was VND1,392 bn (+33.1% YoY). This positive performance was propelled by: (1) container throughput exceeding expectations in both the Northern and Southern port clusters, (2) operational efficiency following a restructuring phase.

	2022	2023	2024F	2025F	2026F
Net Sales (VND bn)	3,898	3,846	4,384	4,639	5,093
Growth (%)	22%	-1%	14%	6%	10%
EBITDA (VND bn)	1,832	3,674	2,375	2,257	2,587
Growth (%)	40%	100%	-35%	-5%	15%
Profit after-tax	994	2,256	1,382	1,249	1,485
Growth (%)	62%	124%	-42%	-3%	19%
EPS (bonus-adjusted, VND)	3,249	7,354	4,517	4,083	4,856
Growth (%)	62%	124%	-42%	-3%	19%
ROE (%)	13%	25%	12%	11%	12%
ROA (%)	8%	17%	9%	8%	9%
Net debt/EBITDA (x)	1.1	0.5	0.8	0.7	0.5
EV/EBITDA (x)	14.0	7.0	11.4	11.4	10.0
P/E (x)	23.5	10.9	16.4	18.5	16.2
P/B (x)	2.7	2.3	2.6	2.3	2.1
DPS (VND)	1,200	1,200	1,000	1,000	1,000
Dividend yield (%)	3%	3%	1.5%	1.5%	1.5%

9M financial results



Vietnam’s container throughput has returned to its annual growth momentum. The import-export value for 9M2024 reached USD578.5 bn (+16.3% YoY). This included export values of USD299.6 bn (+15.4% YoY) and import values of USD278.9 bn (+17.3% YoY). **The total port throughput for this period recorded 22 million TEUs, representing increases of 19.8% over 9M2023 and 16.1% over 9M2022.**

As a result, container throughput at GMD’s ports also experienced strong growth, exceeding our projections, especially at the Southern port cluster. Accordingly, we have adjusted container throughput expectations for the Nam Dinh Vu, Phuoc Long-Binh Duong, and Gemalink ports, which increased by 35.2%, 36.2%, and 73.9% YoY, respectively, surpassing their designed capacities by about 15-20%. The consolidated container volume reached 2.5 million TEUs, up 13.9% over our previous forecast. Despite this, GMD’s revenue for 9M2024 was recorded at VND3.420 bn (+21.6% YoY), aligning with our projections, with a growth rate of 13.9% YoY and a compound annual growth rate for 2024-2026 projected at 5.1%. GMD will prioritize operational cost reductions rather than competing on price for stevedoring services, especially as ports operate at full capacity with a current centralized port model.

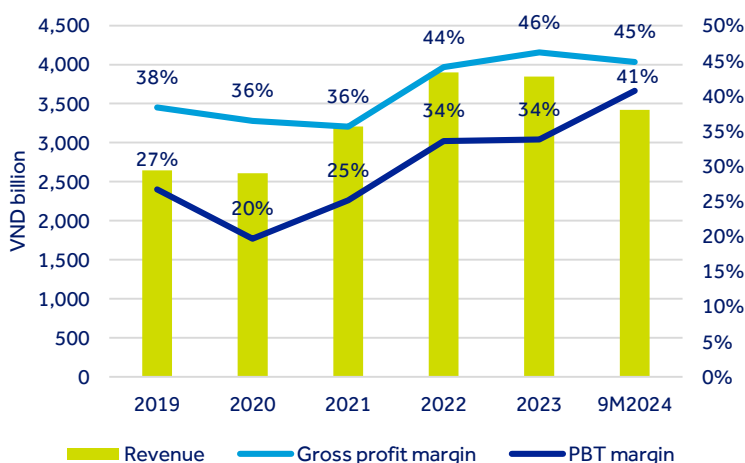
For profits from subsidiaries and affiliates, we have adjusted the figure to VND676.1 bn (+148.8% YoY), mainly due to positive contributions from Gemalink and SCS.

Port	2022	2023	9M2023	9M2024	9M2024 YoY	Capacity (TEUs/year)	Utilization 9M2024
Nam Dinh Vu (2 phases)	386,662	900,000	797,000	917,000	15.1%	1,100,000	83.4%
Phuoc Long-Binh Duong	881,000	946,000	636,000	960,000	50.9%	850,000	112.9%
Gemalink	1,100,000	1,000,000	664,000	1,289,000	94.1%	1,500,000	85.9%

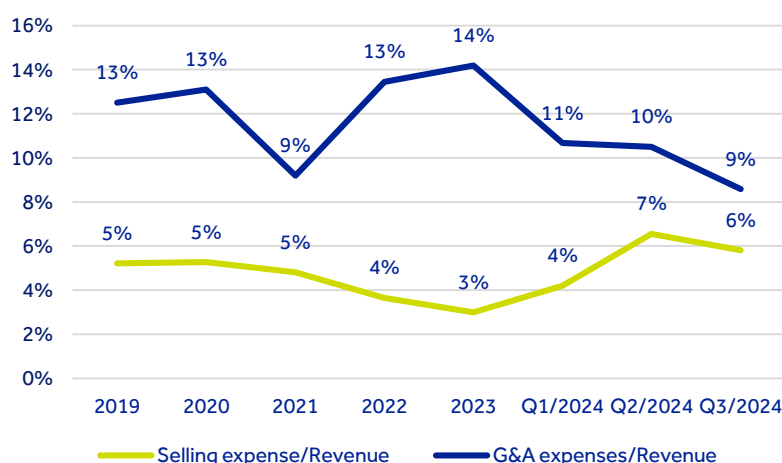
Sources: GMD, ACBS

Gross profit margin and operational efficiency have significantly improved since the restructuring phase in Q2/2023. In the Northern port cluster, the operation of 2 phases of the Nam Dinh Vu, with a total designed capacity of 1.1 million TEUs per year, allows GMD to maintain its capacity equivalent to the levels before the divestment from Nam Hai Dinh Vu and Nam Hai ports. By concentrating resources on a single port, not only does the gross profit margin improve, but G&A expenses are also reduced, thereby enhancing GMD’s PBT margin.

Operational Efficiency



Expenses ratio



Sources: GMD, ACBS

The development of the Nam Dinh Vu 3 and Gemalink 2 projects, which are projected to expand the total capacity by an additional 2.1 million TEUs (a 60% increase over the current capacity), is expected to significantly influence GMD's long-term growth prospects. Currently, while the Gemalink 2 is still finalizing its formalities, the Nam Dinh Vu 3 project is in the process of dredging and land reclamation. This progress is in line with our forecasts, and we anticipate that Nam Dinh Vu 3 will start contributing to GMD's consolidated revenue from early 2026, offering an additional 30% over the current design capacity.

GMD has approved a plan to raise VND3,000 bn through a rights issue to existing shareholders at a ratio of 3:1, with an exercise price of VND29,000 per share. The record date for this rights issue is set for October 22, 2024, with the settlement date following on November 22, 2024. The raised funds are allocated for strategic initiatives, including investment in the logistics sector (VND1,350 bn), increasing ownership in Nam Dinh Vu Port (VND558 bn), acquiring fixed assets (VND862 bn), and repaying bank loans (VND230 bn). We are currently assessing the impacts of this capital increase on GMD's business prospects and capital efficiency and will update our findings in the upcoming report.

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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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