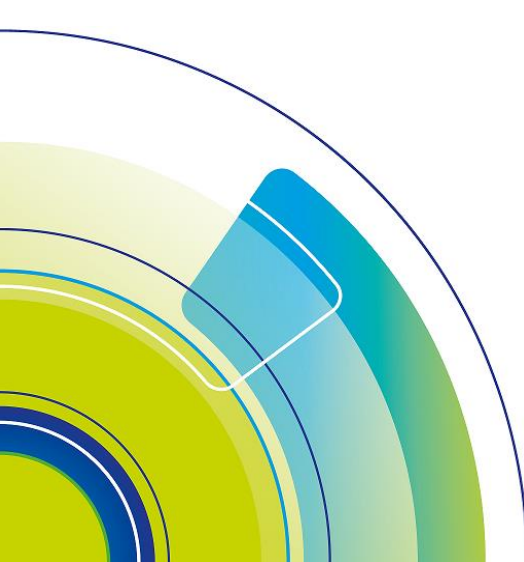




GMD Update – BUY

February 20, 2025



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Company Update

Recommendation

BUY

HOSE: GMD

Seaport

Target price (VND)

73,800

Market price (VND)

61,000

Expected share price return

21.0%

Expected dividend yield

1.4%

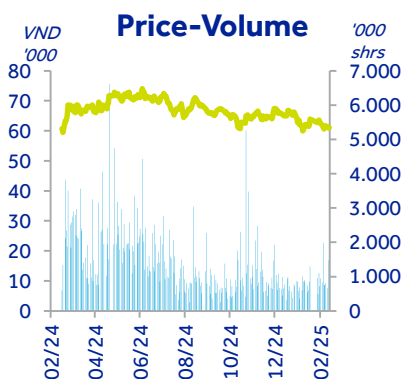
Expected total return

22.3%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-6.4	-1.8	-5.7	5.2
Relative	-8.2	-4.1	-11.0	-2.4

Source: Bloomberg



Ownership

VietFund Management Ltd	3.9%
KIM Co., Ltd	3.7%
Schroders PLC	2.7%
KIM VN GROWTH EQ FUND	2.5%
Nguyen Doan Phi Anh	1.9%

Stock Statistics 19-Feb-25

Bloomberg code	GMD VN
52-week range (VND)	59,100 - 74,800
Shares O/S (m)	414
Mkt cap (VND bn)	25.253
Mkt cap (USD m)	988
Foreign room left (%)	4.3
Est. free float (%)	93.6
3m avg daily vol (shrs)	845,400
VND/USD	25,560
Index: VNIndex / HNX	1,288.6/237.8

GEMADEPT CORPORATION (GMD VN)

GMD recorded positive financial results in 4Q2024 and throughout 2024, primarily thanks to increased container handling fees and container throughput. Our 2025 forecast remained unchanged with revenue and net profit of VND4,892 bn (+1.2% YoY) and VND1,798 bn (-5.6% YoY), respectively. Growth in 2025 may slow down due to container throughput exceeding design capacity and increased competition from rivals. Given YE2025 target price of VND73,800 per share and a cash dividend of VND1,000 per share, expected total return is 22.3% compared to the closing price on February 19, 2025, of VND61,000 per share. Upgrade our rating from Outperform to Buy.

In 4Q2024, GMD's revenue reached VND1,412 bn (+36.6% YoY). Gross profit was VND629 bn (+47.8% YoY) with gross profit margin of 44.6%, up 3.4% from 4Q2023. Profits from associates and JVs was VND313 bn (+124.5% YoY), primarily thanks to strong performance from Gemalink and SCS. Pre-tax profit (PBT) was VND351 bn (+38.6% YoY).

For FY2024, GMD posted revenues of VND4,832 bn (+25.7% YoY) and a PBT of VND2,080 bn (-33.9% YoY), achieving 97% of ACBS's forecast. The decline was due to lower financial income from divestments compared to the previous year. Excluding the divestment income, core operational PBT of GMD was VND1,744 bn (+33.8% YoY).

This positive outcome was thanks to (1) Decree 39/2023/TT-BGTVT which took effect from February 2024 increased GMD's container handling fees by 9.2% YoY, and (2) strong growth in container throughput at GMD's port clusters. Specifically:

In 2024, GMD's container throughput reached 4.4 million TEUs (+47% YoY), accounting for 14.7% of the national market share, up 2.5% from 2023 which significantly boosted the company's overall revenue. The Northern port cluster and Phuoc Long-Binh Duong port achieved a throughput of 2.6 million TEUs (+32% YoY), helping port operations revenue reach VND4,200 bn (+44.4% YoY) and gross profit reach VND1,964 bn (+55% YoY). Gross profit margin was 46.8%, up 3.1% from 2023. Gemalink port recorded a throughput of 1.7 million TEUs (+77% YoY), exceeding its capacity by 18%. This port yielded a profit of VND816 bn (+197% YoY) which contributed over 60% to total profit from associates and JVs.

	2022	2023	2024U	2025F	2026F
Net Sales (VND bn)	3,898	3,846	4,833	4,893	5,238
Growth (%)	22%	-1%	26%	1%	7%
EBITDA (VND bn)	1,832	3,676	2,625	2,572	2,782
Growth (%)	40%	101%	-29%	-2%	8%
Profit after-tax	1,161	2,505	1,905	1,768	1,859
Growth (%)	61%	116%	-24%	-7%	5%
EPS (bonus-adjusted, VND)	2,805	6,050	4,602	4,271	4,491
Growth (%)	61%	116%	-24%	-7%	5%
ROE (%)	15%	28%	16%	12%	12%
ROA (%)	10%	19%	12%	10%	9%
Net debt/EBITDA (x)	1.1	0.5	0.8	0.7	0.5
EV/EBITDA (x)	16.7	8.3	11.6	11.9	11.0
P/E (x)	22.0	10.2	13.4	14.4	13.7
P/B (x)	2.5	2.1	2.2	1.8	1.6
DPS (VND)	1,200	1,200	1,000	1,000	1,000
Dividend yield (%)	3%	3%	1.6%	1.6%	1.6%

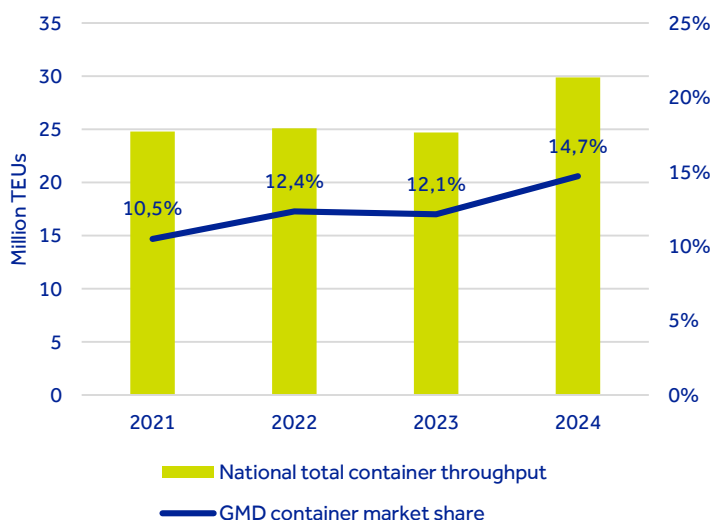
For the 2025-2026 period, while growth drivers for GMD still exist, we adopt a more cautious outlook due to (1) container throughput in 2024 exceeded the designed capacity of GMD by about 30%; (2) the effects of restructuring have already been reflected in the financial statements, and (3) the entry of new ports, especially in the Lach Huyen, is increasing competition in this area.

Table 1: Business results of Q4/2024 and 2024

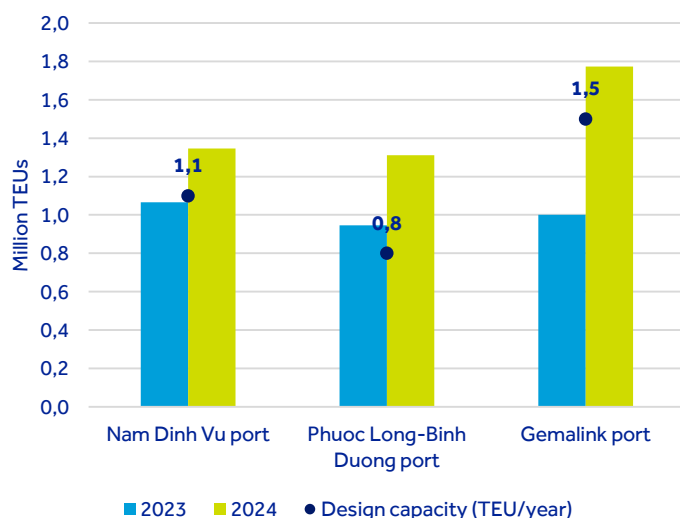
Unit: VND bn	4Q2024	YoY	2024	YoY	2024 Plan Completion	2024 ACBS's Forecast
Revenue	1,412	37%	4,832	26%	121%	109%
Gross profit	629	48%	2,162	22%		
<i>Gross profit margin</i>	<i>44.6%</i>		<i>44.7%</i>			
Financial revenue	29	21%	418	-78%		
Financial expense	16	-37%	150	-3%		
Interest expense	33	-13%	139	3%		
G&A expense	270	-2%	816	23%		
Profit from associates and JVs	313	125%	816	197%		
PBT	351	39%	2,080	-34%	123%	97%
Net Income	356	86%	1,905	-25%		
<i>Net Margin</i>	<i>25.2%</i>		<i>39.4%</i>			

Sources: GMD, ACBS

GMD container market share

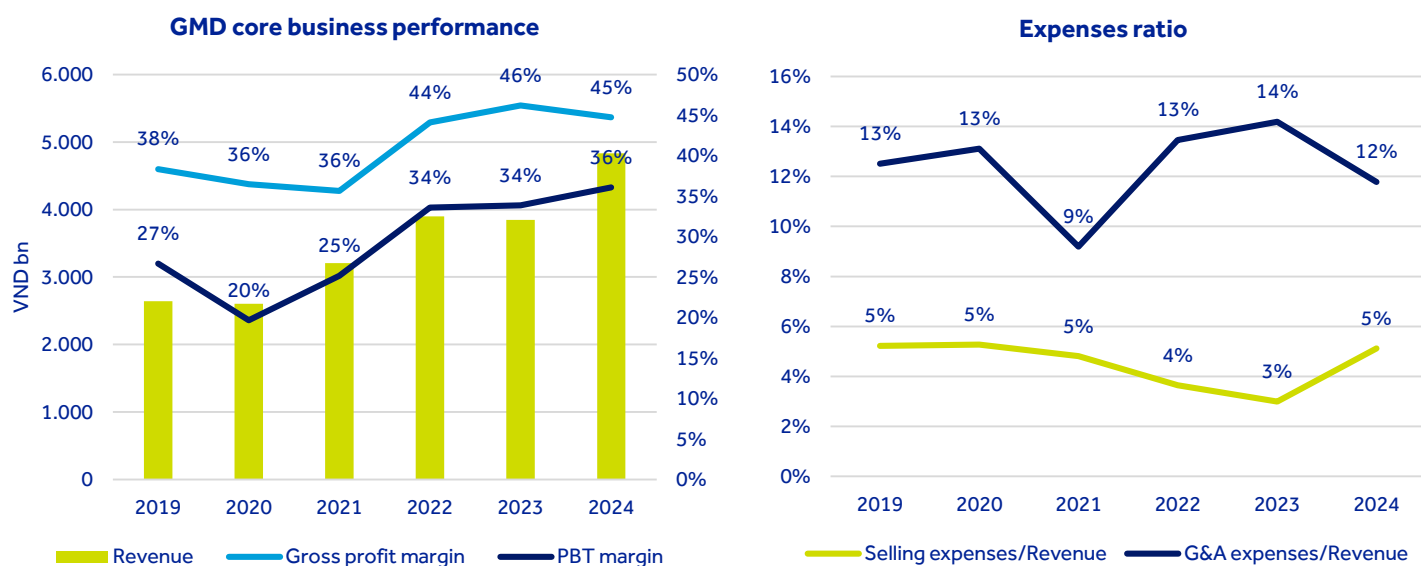


Container throughput by ports



Sources: GMD, ACBS

GMD's short-term growth potential is gradually narrowing. In 2024, the total container throughput at GMD's ports reached 4.4 million TEUs, exceeding its designed capacity by about 30%. Typically, a port operating stably can maintain performance levels 30-40% above its designed capacity. Therefore, given the current efficiency and considering that the two key projects, Nam Dinh Vu 3 and Gemalink 2, are expected to start operations at the earliest by the end of 2026, the ability to expand capacity to meet the increasing demand in 2025-2026 is limited.



Sources: GMD, ACBS

The operational efficiency after divesting from Nam Hai Dinh Vu port and focusing on the operation of Nam Dinh Vu 2 since 2Q2023 have been reflected in the 2024 business result. Specifically, the gross margin in port operations increased from 43.7% in 2023 to 46.8% in 2024; the ratio of operating expenses to revenue also decreased from 14.2% to 11.8%.

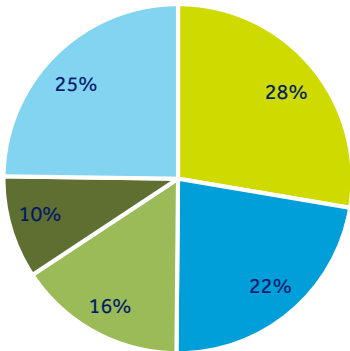
GMD's growth momentum may vary between the Northern and Southern port clusters due to new port projects commencing operations which increases supply and competitive pressure in the areas. The Southern region will face less pressure and the port cluster in this area will be a growth driver for GMD in the upcoming period.

Table 2: Ports competing with GMD

Investor	Port	Location	Investment Capital (VNDbn)	Design Capacity (TEU/year)	Operational Timeline
Hai Phong Port JSC	Lach Huyen Terminals 3 & 4	Hai Phong	6,900	1,100,000	1Q2025 (already operated)
Hateco Group JSC	Lach Huyen Terminals 5 & 6	Hai Phong	8,900	1,800,000	1Q2025 (already operated)
Saigon New Port Corporation	Lach Huyen Terminals 7 & 8	Hai Phong	12,800	1,900,000	Phase 1 (1.1 million TEU/year) in 2027
Phuoc An Port JSC.	Phuoc An Phase 1	Dong Nai	5,000	700,000	1Q2025 (already operated)
N/A	Can Gio Port Phase 1	Can Gio	N/A	2,100,000	Phase 1 is expected to begin operation before 2030

Source: ACBS

Estimated port market share in Hai Phong in 2025



■ PHP ■ VSC ■ GMD ■ Hateco ■ Other

Sources: GMD, ACBS

We estimate that the new port projects coming into operation will increase competition in the Hai Phong area. Specifically, the total handling capacity at Hai Phong in 2025 will reach 11.5 million TEUs/year (a 33.5% increase from 2024), and by 2027, it will reach 13.9 million TEUs/year (a 61.2% increase from 2024). Although the increased new capacity in Hai Phong will affect the occupancy rate of Nam Dinh Vu port, we assess that this impact will be somewhat mitigated as GMD is now operating its ports more concentratedly in one location with a large designed capacity. Therefore, under conditions of stagnant throughput, the impact will be lower compared to the period before GMD operated ports at separate independent locations.

In the Southern region, pressure from new supply is lower with only the Phuoc An port - phase 1 project coming into operation in February 2025 in Dong Nai area.

Our 2025 forecast remained unchanged with revenue and net profit of VND4,892 bn (+1.2% YoY) and VND1,798 bn (-5.6% YoY), respectively. Given YE2025 target price of VND73,800 per share and a cash dividend of VND1,000 per share, expected total return is 22.3% compared to the closing price on February 19, 2025, of VND61,000 per share. Upgrade our rating from Outperform to Buy.

GMD PROJECTION	Target (VND):		73,800	Mkt cap (VND bn):		25,253
(VND bn except where stated)	2022	2023	2024U	2025F	2026F	
Net sales	3,898	3,846	4,833	4,893	5,044	
<i>Sales growth</i>	22%	-1%	26%	1%	3%	
Port operation	3,086	2,909	4,201	4,199	4,284	
Logistics & others	811	936	632	693	759	
Gross profit	1,718	1,776	2,162	2,097	2,156	
<i>Gross profit margin</i>	44.1%	46.2%	44.7%	42.9%	42.7%	
Selling expenses	142	115	247	250	258	
General & administration expenses	524	545	569	587	605	
Net operating profit	1,051	1,116	1,345	1,260	1,292	
<i>Operating profit margin</i>	27%	29%	28%	26%	26%	
Financial income	24	1,941	418	87	50	
Financial expenses	166	169	150	188	176	
Other income	-1	-16	-349	53	55	
Profit/(loss) in associates, joint ventures	399	274	816	775	814	
Profit before tax	1,308	3,146	2,080	1,988	2,034	
Profit after tax	1,161	2,505	1,905	1,799	1,841	
Non-controlling interest	167	280	446	270	276	
Profit for parent company	994	2,224	1,459	1,529	1,565	
<i>Net profit margin</i>	25%	58%	30%	31%	31%	
Cash, cash equivalents & short-term investments	1,447	1,830	4,986	4,108	4,192	
Share outstanding (mn shares)	301	306	414	414	414	
EPS (VND)	3,853	8,187	4,602	4,345	4,447	
Adjusted EPS (VND)	2,805	6,050	4,602	4,345	4,447	
<i>EPS growth</i>	61%	116%	-24%	-6%	2%	

KEY CASHFLOW AND BS ITEMS	2022	2023	2024U	2025F	2026F
Increase in working capital	1,108	-1,390	-597	-73	-42
Capex	-1,235	1,013	-1,495	-2,298	-1,805
Other cash flow items	-35	-385	406	171	279
Free cash flows	1,255	2,094	54	862	687
Dividends paid	-428	-780	-414	-414	-414
Increase in net debt	-650	-450	-2,951	402	-273
Net debt, end of year	2,030	1,964	2,167	1,692	1,503
Shareholder's equity	7,496	8,827	11,730	14,446	15,852
BVPS (VND)	24,873	28,856	28,334	34,895	38,291
<i>Net debt / Equity (x)</i>	<i>1.1</i>	<i>0.5</i>	<i>0.8</i>	<i>0.7</i>	<i>0.5</i>
<i>Net debt / EBITDA (x)</i>	<i>16.7</i>	<i>8.3</i>	<i>11.6</i>	<i>11.9</i>	<i>11.0</i>
Total assets	11,881	13,286	15,764	18,481	19,624

KEY RETURN AND VALUATION RATIOS	2022	2023	2024U	2025F	2026F
<i>ROE</i>	<i>15%</i>	<i>28%</i>	<i>16%</i>	<i>12%</i>	<i>12%</i>
<i>ROA</i>	<i>10%</i>	<i>19%</i>	<i>12%</i>	<i>10%</i>	<i>9%</i>
<i>ROIC</i>	<i>14%</i>	<i>24%</i>	<i>12%</i>	<i>12%</i>	<i>15%</i>
<i>WACC</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>
<i>P/E (x)</i>	<i>22.0</i>	<i>10.2</i>	<i>13.4</i>	<i>14.2</i>	<i>13.9</i>
<i>EV/EBITDA (x)</i>	<i>16.7</i>	<i>8.3</i>	<i>11.7</i>	<i>11.9</i>	<i>11.2</i>
<i>EV/FCF (x)</i>	<i>24.5</i>	<i>14.7</i>	<i>57.1</i>	<i>35.6</i>	<i>44.7</i>
<i>P/B (x)</i>	<i>2.5</i>	<i>2.1</i>	<i>2.2</i>	<i>1.8</i>	<i>1.6</i>
<i>P/S (x)</i>	<i>4.8</i>	<i>4.9</i>	<i>5.3</i>	<i>5.2</i>	<i>5.1</i>
<i>EV/sales (x)</i>	<i>7.9</i>	<i>8.0</i>	<i>6.3</i>	<i>6.3</i>	<i>6.1</i>
<i>Dividend yield</i>	<i>3.0%</i>	<i>3.0%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>

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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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