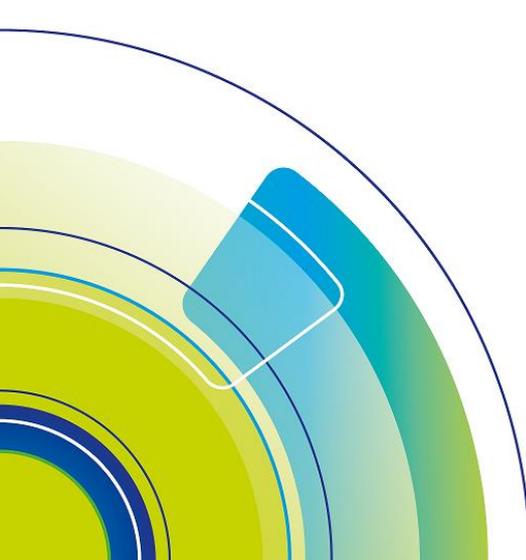




VSC Flash note – Not rated

February 16, 2024



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Earnings Flash note

Recommendation

Not rated

HOSE: VSC

Seaport

Target price (VND)

NA

Market price (VND)

21,900

Expected share price return

NA

Expected dividend yield

NA

Expected total return

NA

Stock performance (%)

	YTD	1M	3M	12M
Absolute	14.0	5.1	34.8	21.6
Relative	8.1	2.2	23.9	9.2

Source: Bloomberg



Ownership

Doan Quang Huy	1.63%
Sea & Air Freight Int	1.03%
Nguyen Viet Hoa	0.92%
Mizuho Financial Group Inc	0.53%

Stock Statistics

15-Feb-24

Bloomberg code

VSC

52-week range (VND) 15,890-23,790

Shares O/S (m) 266.8

Mkt cap (VND bn) 5,936.3

Mkt cap (USD m) 241.6

Est. Foreign room left (%) 45.9

Est. free float (%) 95.8

3m avg daily vol (shrs) 2,955

VND/USD 24,570

Index: VNIndex / HNX 1,202.5/232.8

VIETNAM CONTAINER SHIPPING JSC (HSX: VSC)

Vietnam Container Shipping JSC (HSX: VSC) experienced the second consecutive quarter of growth with revenue in Q4/2023 reaching VND 625.9 bn (+20.4% YoY). Gross profit reached VND 190.3 bn (+24.8% YoY) with gross profit margin of 30.4% (a slight increase of 1.1% from Q4/2022).

Selling and general administration (SG&A) recorded at VND 50.5 bn (-4.9% YoY). However, short-term and long-term borrowings soared by 72.3% from the beginning of the year, recorded at VND 1,565 bn, leading to a tenfold increase in borrowing costs at VND 44.1 bn. As a result, profit after tax growth was narrowed to only 4.8% YoY, reaching VND 96.1 bn.

FY2023, VSC recorded revenue of VND 2,180.9 bn (+8.6% YoY) and profit before tax of VND 268 bn (-44.6% YoY), achieving 96.9% and 103.1% of the company's target, respectively. Notably, the slump in profit before tax was mainly due to the impact of operating costs; and borrowing expenses for M&A activities. In which, SG&A expenses reached 227 billion VND (+23% YoY), and borrowing costs reached 170.5 billion VND compared to 1.1 billion VND in 2022.

VSC's total assets achieved VND 5,187 bn as of December 31, 2023, which surged by 18.8% YTD due to the acquisition of VND 998 bn from Nam Hai Dinh Vu Ltd. (possessing 35% of voting rights). At the same time, long-term borrowings rose by 106.6% to finance the investment, reaching VND 1,446 bn.

VSC has recently increased its presence in Cam river through M&A activities. Specifically, VSC spent around VND 82 bn to increase its ownership from 2.96% to 5% in Hai An Transport and Stevedoring JSC (HSX: HAH) (equivalent to 5.2 million shares) on January 30, 2024. VSC also conducted a new share issuance scheme to raise an additional VND 1,333 bn to buy the rest 44% of Nam Hai Dinh Vu port's charter capital in 2024.

The completion of acquiring Nam Hai Dinh Vu port will help VSC improve its financial performance results through consolidated operations as this port currently accounts for about 10% of the cargo handling market share in Cam River - Hai Phong province. Furthermore, operating three ports next to each other, namely VMIC Dinh Vu, Nam Hai Dinh Vu, and Xanh VIP will enable VSC to optimize operating costs and mitigate the situation of transferring ships to other ports due to the congestion. This is one of the issues that has led to incurring a high proportion of outside expenses the service cost component for VSC (accounting for around 40% in 2021-2022, and 48% for the 1H2023).

	2019	2020	2021	2022	2023
Net Sales (VND bn)	1,793	1,689	1,892	2,007	2,181
Growth (%)	6%	-6%	12%	6%	9%
EBITDA (VND bn)	590	569	683	680	631
Growth (%)	-9%	-3%	20%	-1%	-7%
Profit after tax	286	296	414	393	202
Growth (%)	-19%	4%	40%	-5%	-49%
EPS (bonus-adjusted, VND)	1,754	1,797	2,623	2,356	946
Growth (%)	-22%	2%	46%	-10%	-60%
ROE (%)	0.12	0.11	0.14	0.1	0.04
ROA (%)	0.1	0.1	0.12	0.08	0.03
Net debt/EBITDA (x)	0.1	-	-	1.3	2.5
EV/EBITDA (x)	2.6	4.7	7.1	5.0	12.2
P/E (x)	6.7	14.2	13.3	15.8	47.1
P/B (x)	0.9	1.9	1.8	1.8	2.1
DPS (VND)	2,300	2,700	500	1,000	-
Dividend yield (%)	14%	7%	1%	5%	-

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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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