



GMD Update report – NEUTRAL

August 21, 2024



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Update report

Recommendation

Neutral
HOSE: GMD

Seaport

Target price (VND)

84,050

Market price (VND)

83,400

Expected share price return

1.8%

Expected dividend yield

1.2%

Expected total return

3.0%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	19.4	6.9	0.4	50.5
Relative	5.6	4.2	-0.5	44.9

Source: Bloomberg



Ownership

VietFund Management Ltd.	7.5%
Korean Investment Management Co Ltd.	5.1%
KIM VN Growth EQ Fund	3.4%
Schroders PLC	2.6%
Tokio Marine Holding Inc	2.2%

Stock Statistics 21-Aug-24

Bloomberg code	GMD
52-week range (VND)	49,300-84,600
Shares O/S (m)	305.9
Mkt cap (VND bn)	25,512
Mkt cap (USD m)	1,016.4
Est. Foreign room left (%)	0.3
Est. free float (%)	61.1
3m avg daily vol (shrs)	1,349,330
VND/USD	25,100
Index: VNIndex / HNX	1,284.1 / 238.4

GEMADEPT CORPORATION (GMD VN): CORE BUSINESS SHOWED POSITIVE GROWTH IN THE 1H2024

Gemadep Corporation (GMD VND) announced Q2/2024 net sales of VNDbn 1,181 (+29.5% YoY). Gross profit reached VNDbn 542 (+25.9% YoY) with gross profit margin of 45.9%, down 1.3% compared to Q2/2023. Profit before-tax recorded at VNDbn 511 (-76.5% YoY) was largely due to the absence of financial income from port divestments in this quarter. Excluding the divestment, profit before-tax for core business grew by 53% YoY, driven by:

- The seaport segment** recorded net sales and gross profit of VNDbn 985 (+44.3% YoY) and VNDbn 440 (+30.4% YoY), respectively. Gross profit margin was 44.7%, down 4.76% compared to Q2/2023.
- Profit from subsidiaries and associates** was VNDbn 183 (+216.1% YoY), mainly contributing from Gemalink port. On the balance sheet, the current value of investment in Gemalink was VNDbn 1,734 as of 30th June 2024, + VNDbn 156 YTD.

For 1H2024, GMD recorded net sales and PBT of VNDbn 2,186 (+20.5% YoY) and VND bn 1,219 (-51.1% YoY), achieving 54.7% and 72.3% of the company's target, and 49.9% and 69.1% of our projections. Excluding financial income from divestment, PBT was VNDbn 896 (+38.2% YoY), achieving 66.4% of the company's target and 62.9% of our projection.

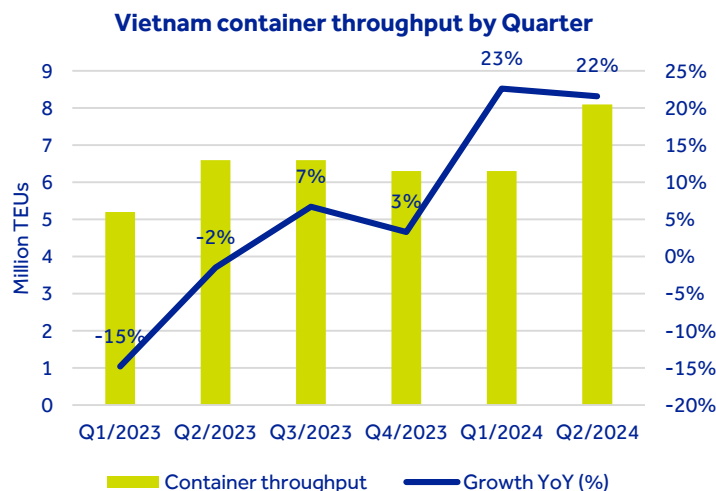
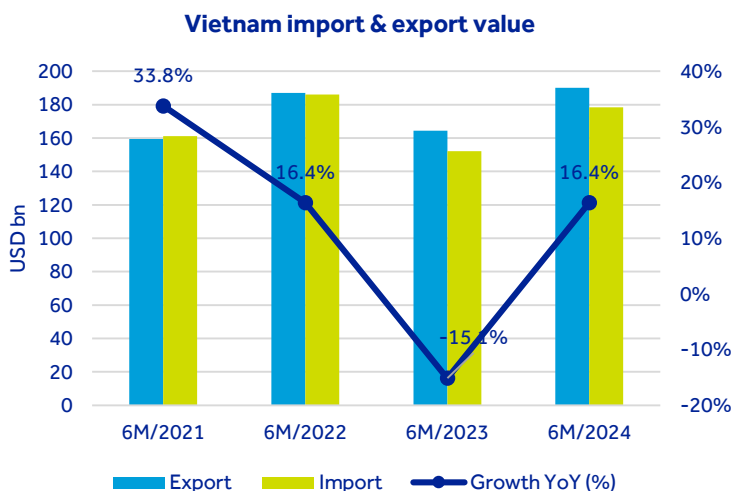
Comment: the recovery in global trade has accelerated GMD's growth in Q2, and we believe this factor will continue to be a key driver in the coming period, especially during the peak of the third quarter before cooling down towards the end of 2024.

Additionally, the progress of the two projects, Nam Dinh Vu 3 and Gemalink 2, which will add a total capacity of 2.1 million TEUs/year (+60% compared to the current capacity), will also impact GMD's long-term growth prospects. As of now, both projects are still in the process of completing formalities and have yet to commence construction. Furthermore, the current progress has not significantly affected the company's financial performance. **We are closely monitoring these projects and will update our business projections if the progress does not meet expectations.**

Therefore, we maintain our current 2024F-2026F projections, with the target value for 2024 at VND 84,860 per share based on DCF method. Maintain **NEUTRAL** rating.

	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)	26.1	11.5	18.8	20.7	17.4
P/B (x)	3.2	2.7	2.4	2.1	1.9
DPS (VND)	1,200	1,200	1,000	1,000	1,000
Dividend yield (%)	3%	3%	1.2%	1.2%	1.2%

Trade recovery momentum continues in 1H2024...

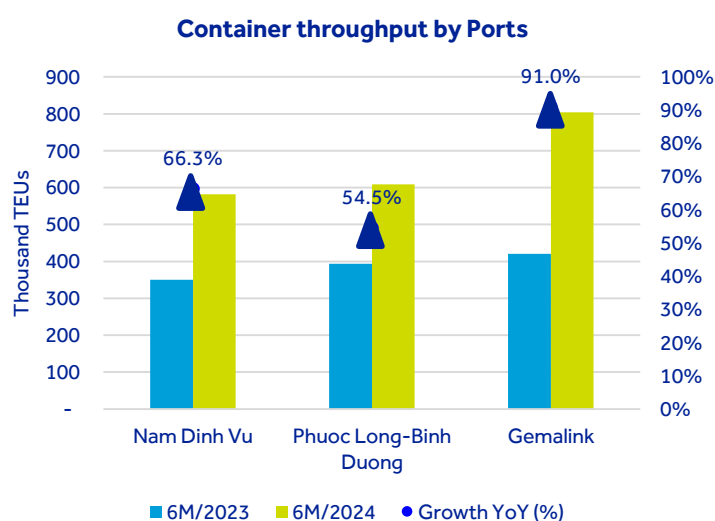
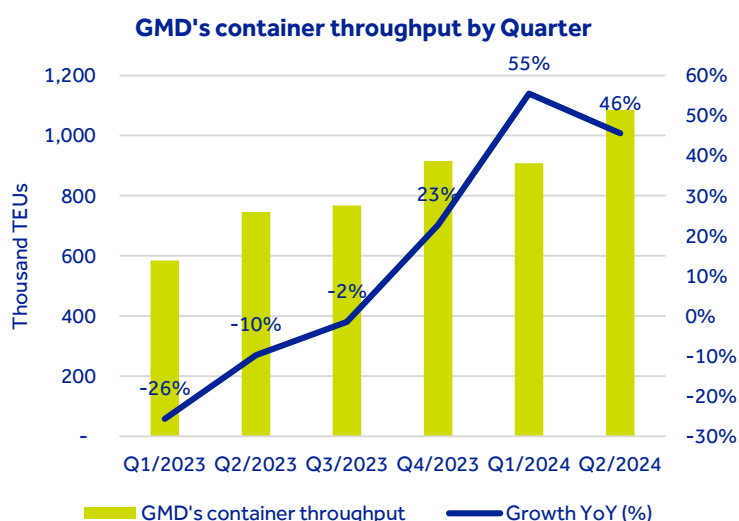


Source: GSO, Vietnam Maritime

The global trade recovery has continued to drive growth for the seaport sector in general, and for GMD specifically, during the 1H2024. The total import-export value for 1H2024 reached USDbn 368.6 (+16.4% YoY). In which, the export value amounted to USDbn 190.1 (+15.6% YoY), while the import value reached USDbn 178.5 (+17.2% YoY).

As a result, this recovery has boosted the growth rate of sea cargo volume passing through the country's ports, with Q1 seeing a 23% YoY increase and Q2 a 22% YoY increase. The total sea cargo volume for 1H2024 was recorded at 427.7 million tons (+18% YoY), with container throughput reaching 14.4 million TEUs (+22% YoY).

...driving GMD's business performance growth

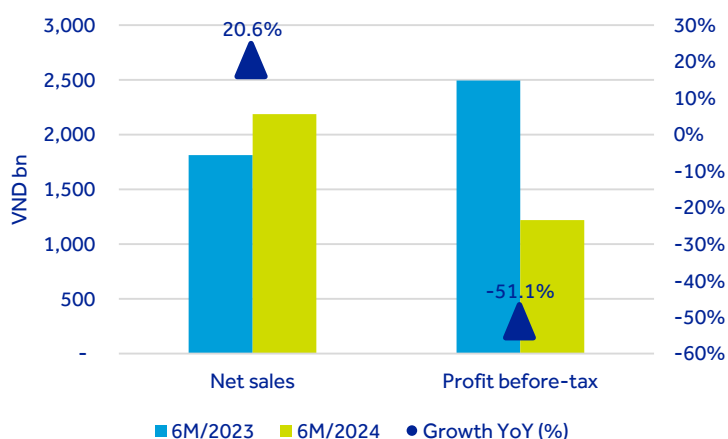


Source: GMD

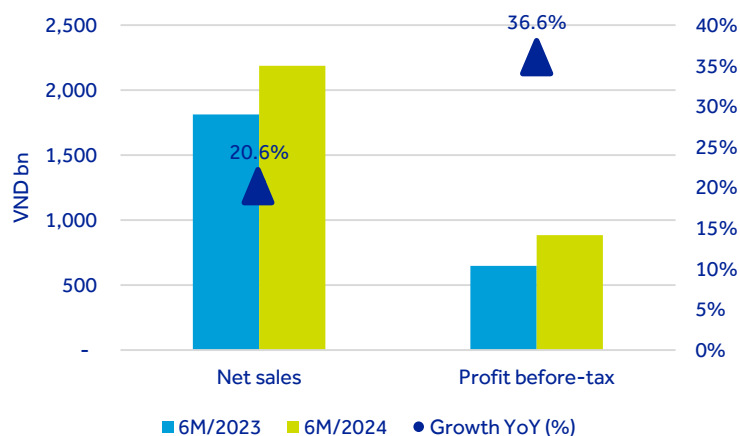
GMD's container throughput for 1H2024 reached 1,994,000 TEUs (+49.9% YoY), thanks to positive contributions from both southern and northern port clusters. This helped the seaport segment achieve net sales of VNDbn 1,828 (+36.6% YoY). Notably, Gemalink port, with throughput of 804,000 TEUs (+91% YoY), was a key factor driving profit from subsidiaries and associates, which was recorded at VNDbn 281 (+254.4% YoY).

Unit: VND bn		Q2/2024	YoY (%)	1H2023	1H2024	YoY (%)
Seaport segment	Net sales	985	44.3%	1,338	1,828	36.6%
	Gross profit	440	30.4%	620	804	30.0%
	Gross profit margin	44.7%		46.2%	44.0%	
Logistics segment	Net sales	196	-14.7%	476	358	-24.7%
	Gross profit	102	-16.4%	268	179	-33.2%
	Gross profit margin	52.1%		56.2%	49.9%	

GMD's business performance 1H2024



GMD's core business performance 1H2024



Source: GMD

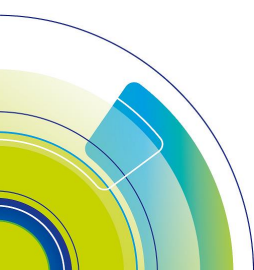
For the 1H2024, GMD's core business recorded net sales and profit before-tax of VNDbn 2,186 (+20.5% YoY) and VNDbn 896 (+36.6% YoY), achieving 54.7% and 66.4% of the company's target, and 49.9% and 62.9% of our projections.

Long-term growth outlook: dependening on progress of new ports construction

In the medium and long term, GMD's growth potential lies in two expansion projects: Nam Dinh Vu Phase 3 and Gemalink Phase 2, which are expected to be operational by 2026-2027 with a total additional capacity of 2.1 million TEUs (+60% compared to current capacity). Among these, we project that Nam Dinh Vu 3 will be prioritized for earlier construction, possibly by the end of 2024, and could contribute approximately 30% additional of container throughput for GMD from 2026 onward.

Project plan	Kick off time	Operating date	Investment capital	Design capacity	Projections
Nam Dinh Vu phase 3	2H.2024	2H.2025	1,700 VND bn	600,000 TEU/year	Contributions to GMD's consolidated revenue will begin from early 2026, with the potential to increase exploitation by about 30% compared to the current designed capacity.
Gemalink phase 2	1H.2025	2026-2027	7,300 VND bn	1,500,000 TEU/year	Contributions to GMD in the form of profits from joint ventures and associated companies. Specifically, Gemalink Phase 2 will include two stages, 2A and 2B, which will respectively become operational in 2026 and 2027.

However, as of now, both projects are still in the process of completing formalities and have yet to begin construction. Additionally, the progress of these projects has not yet significantly impacted the company's financial performance. We will continue to monitor the developments of these projects and update our business projections in subsequent reports, as this is a crucial factor influencing GMD's long-term growth prospects.



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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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