



# HAH Flash note – BUY

September 24, 2024

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## Hung Nguyen

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## Flash note

Recommendation

Buy

HOSE: HAH

Water transportation

Target price (VND) 48,900

Market price (VND) 40,200

Expected share price return 21.6%

Expected dividend yield 2.5%

Expected total return 24.1%

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	23.0	-4.1	-7.4	33.2
Relative	10.7	-2.9	-6.3	29.6

Source: Bloomberg



## Ownership

Hai Ha Transportation & Investment JSC.	16.8%
Da Phuong Thuc Ltd.	3.9%
America LLC	3.3%
Vu Ngoc Son	2.8%
Vietnam Container Shipping JSC	2.4%

## Stock Statistics

23-Sep-24

Bloomberg code

HAH

52-week range (VND) 24,200-46,300

Shares O/S (m) 105.5

Mkt cap (VND bn) 4,242

Mkt cap (USD m) 171

Est. Foreign room left (%) 21.8

Est. free float (%) 66.1

3m avg daily vol (shrs) 3,498

VND/USD 24,800

Index: VNIndex / HNX 1,268.5/233.4

## Hai An Transport & Stevedoring JSC (HSX: HAH)

HAH's BOD approved a resolution on September 18, 2024, with the following key updates:

- The company revised its 2024 business plan, increasing total revenue by 19% from VNDbn 3,326 to VNDbn 3,957. Net profit attributed to the parent company was adjusted upwards by 55.2%, from VNDbn 290 to VNDbn 450.
- To support business expansion, HAH will purchase additional used Panamax container ships with capacities ranging from 3,500 to 5,000 TEUs.

For the 1H2024, profit-after-tax (PAT) has reached 59% of the 2024 pre-adjusted target and 38% of the revised target. Meanwhile, the total container throughput was slightly revised up by 0.8%. Therefore, we believe that the company's management remains quite optimistic about freight rate trends for the 2H2024. **We currently rate HAH as BUY with a target price of VND 48,900 per share, indicating an upside potential of 24.1%.**

The 2024 business plan has been specifically adjusted as follows:

	2024 pre-adjusted plan	2024 adjusted plan	% change	2024 ACBS projection
<b>Total container throughput (TEU)</b>	<b>1,263,000</b>	<b>1,273,000</b>	<b>0.8%</b>	<b>1,222,289</b>
Seaport	460,000	467,000	1.5%	455,211
Sea container transportation	565,000	597,000	5.7%	547,078
Other (Depot warehouse)	238,000	209,000	-12.2%	220,000
<b>Net sales (VNDbn)</b>	<b>3,326</b>	<b>3,957</b>	<b>19.0%</b>	<b>3,230</b>
<b>Net profit for parent company</b>	<b>290</b>	<b>450</b>	<b>55.2%</b>	<b>272</b>

Despite the company's positive recovery, especially in Q2/2024, the revised 2024 business plan reflects significant changes compared to its performance in 1H2024 and our forecasts. While total revenue has been revised upward by 19%, container shipping volume, which contributes 80% of revenue, has only risen by 5.7%. This represents the management's confidence in favorable freight rate trends for the remainder of 2024.

	2022	2023	2024F	2025F	2026F
Total revenue (VND bn)	3,206	2,613	3,230	4,038	4,394
Growth (%)	64%	-18%	24%	25%	9%
EBITDA (VND bn)	1,608	888	721	851	936
Growth (%)	87%	-45%	-19%	18%	10%
Profit after tax	1,041	358	287	346	411
Growth (%)	89%	-66%	-20%	20%	19%
EPS (bonus-adjusted, VND)	7,790	3,648	2,448	2,948	3,508
Growth (%)	84%	-53%	-33%	20%	19%
ROE (x)	0.4	0.1	0.1	0.1	0.1
ROA (x)	0.3	0.1	0.1	0.1	0.1
Net debt/EBITDA (x)	0.4	0.7	0.9	0.7	0.7
EV/EBITDA (x)	3.2	5.8	7.2	6.1	5.5
P/E (x)	2.8	10.3	16.4	13.6	11.5
P/B (x)	1.0	1.5	1.4	1.3	1.1
DPS (VND)	5,500	3,500	1,000	1,000	1,000
Dividend yield (%)	8%	5%	3%	3%	3%

**Net profit for adjusted plan surged despite modest volume growth:** total revenue and net profit attributed to the parent company have been significantly revised, projected to reach VNDbn 3,957 and VNDbn 450, marking increases of 19% and 55.2%, respectively, compared to the pre-adjusted plan. In contrast, total container throughput only saw a slight growth of 0.8%, primarily driven by the shipping segment, with total throughput rising to 597,000 TEUs, up 5.7%.

**1H2024 business performance was positive,** with revenue hitting VNDbn 1,653 (+30.5% YoY) and net profit attributed to the parent company standing at VNDbn 171 (-15.6% YoY). This achieved 49.7% of the revenue target and 59% of the profit target for 2024 before adjustments. However, when compared to the revised targets, the results account for only 41.8% of revenue and 38% of net profit.

We have yet to receive detailed updates from management on the rationale behind the adjustments to the 2024 plan, but we expect to revise our forecasts in the upcoming Q3/2024 results report. At present, we believe the adjustments are likely driven by:

- (1) The positive momentum in global trade that help to improve the freight rates throughout 2024, at a minimum;
- (2) The earlier-than-expected delivery of the final vessel in a contract for four newbuilds, initially scheduled for late 2024, which expands the fleet to 15 vessels with a total capacity of 23,000 TEUs.

**Business expansion through investment in additional Panamax vessels (3,500-5,000 TEUs):**

Initially, according to the 2024 AGM resolution, HAH approved a plan to invest in a used vessel for the domestic market, capitalizing on the promising outlook for the ship chartering segment. However, the latest resolution sees HAH investing in an additional Panamax vessel with a capacity of 3,500-5,000 TEUs to further expand its business operations. Due to its larger capacity, the Panamax vessel is better suited for regional shipping routes rather than just domestic operations. This decision reflects management's confidence in the chartering segment's strong growth potential and signals the broader recovery of the shipping industry.

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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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