



GMD Update – OUTPERFORM

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Update report

Recommendation **OUTPERFORM**

HOSE: GMD

Seaport

Target price (VND) **73,500**

Market price (VND) **64,700**

Expected share price return 13.6%

Expected dividend yield 1.4%

Expected total return **15.0%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	9.8	-0.3	-6.7	9.9
Relative	-2.2	-0.1	-4.7	-5.6

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 04-Dec-24

Bloomberg code **GMD VN**

52-week range (VND) 57,100 - 74,700

Shares O/S (m) 414

Mkt cap (VND bn) 26,578

Mkt cap (USD m) 1,042

Est. Foreign room left (%) 1

Est. free float (%) 93.7

3m avg daily vol (shrs) 1,024,476

VND/USD 25,509

Index: VNIndex / HNX 1,240.4/224.6

GEMADEPT CORPORATION (GMD VN)

Strong recovery in trade activities during Q3/2024 boosted demand for goods, leading to positive business results for GMD. Container throughput exceeded expectations, estimated to surpass the average design capacity by 15-20% across GMD's northern and southern port clusters, enabling the company to optimize operational costs and improve profit margins for 2024 and forwards. To further strengthen its business activities, GMD raised an additional VND3,000 bn from existing shareholders through a rights offering in October 2024. We estimate the fair value of GMD's stock at VND73,500 per share over the next 12 months, a 20.4% increase from the previous valuation. Compared to the closing price of VND64,700 per share on December 4, 2024, this represents a 15% upside potential, including a cash dividend of VND1,000 per share, with a 2025 P/E of 14.5x and P/B of 1.6x.

GMD reported Q3/2024 results with revenue of VND1,264 bn (+26.7% YoY). Gross profit reached VND581 bn (+25.1% YoY), with gross profit margin of 46%, slightly down by 0.6% compared to Q3/2023 due to negative gross profit from the logistics segment. Profit before tax (PBT) was VND501 bn (+25.9% YoY).

Container throughput for GMD in Q3/2024 totaled 1.2 million TEUs (+52.8% YoY), driving the company's revenue growth. In which, the northern port cluster and Phuoc Long-Binh Duong Port handled 687,000 TEUs (+34.5% YoY), contributing to port operations revenue of VND1,095 bn (+35.7% YoY) and gross profit of VND583 bn (+54.2% YoY). The gross profit margin for this segment was 53.2%, up 6.4% compared to Q3/2023. Gemalink Port processed 485,000 TEUs (+89.2% YoY), contributing VND222 bn (+324.7% YoY) in profits from associates, with over 60% of that coming from Gemalink.

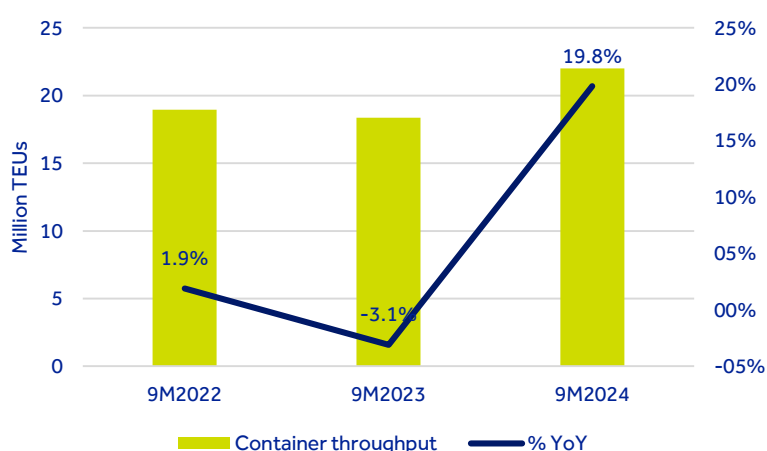
For 9M2024, revenue reached VND3,421 bn (+21.6% YoY), while PBT was VND1,728 bn (-40.2% YoY), due to financial income from port divestment recording at VND336 bn in 2024, lower than that of VND1,844 bn in 2023. Excluding this divestment, PBT for core business reached VND1,392 bn (+33.1% YoY), achieving 102.5% of the company's 2024 plan and 104% of our forecast.

	2022	2023	2024F	2025F	2026F
Net Sales (VND bn)	3,898	3,846	4,414	4,943	5,066
Growth (%)	22%	-1%	15%	12%	2%
EBITDA (VND bn)	1,832	3,677	2,597	2,566	2,855
Growth (%)	40%	101%	-29%	-1%	11%
Profit after-tax	1,161	2,534	1,944	1,821	1,946
Growth (%)	61%	118%	-23%	-6%	7%
EPS (bonus-adjusted, VND)	2,840	6,197	4,753	4,454	4,758
Growth (%)	61%	118%	-23%	-6%	7%
ROE (%)	15%	29%	18%	13%	11%
ROA (%)	10%	19%	13%	10%	9%
Net debt/EBITDA (x)	1.1	0.5	0.7	0.5	0.4
EV/EBITDA (x)	16.9	8.4	11.9	12.1	10.9
P/E (x)	22.8	10.4	13.6	14.5	13.6
P/B (x)	2.5	2.0	2.3	1.6	1.5
DPS (VND)	1,200	1,200	1,000	1,000	1,000
Dividend yield (%)	3%	3%	1.4%	1.4%	1.4%

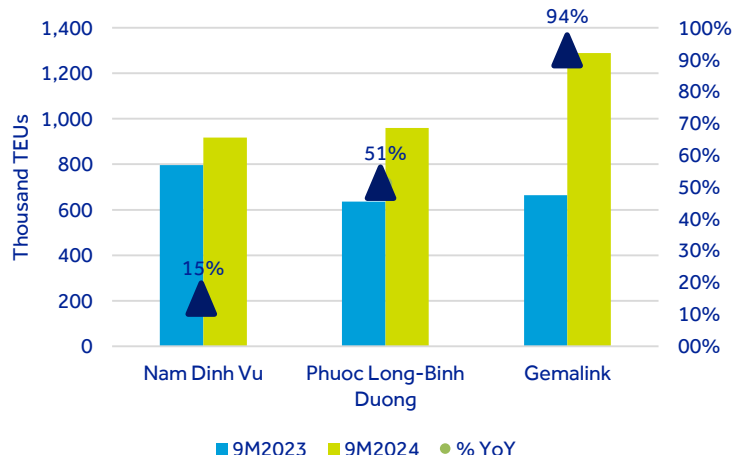
The outlook for the port industry is expected to remain positive, supported by a steady annual growth recovery in national container throughput (up 19.8% YoY in 9M2024), driving increased container volume across GMD's ports.

For 9M2024, GMD handled a total container throughput of 3.1 million TEUs (+50.9% YoY), capturing 14.4% of the national container market share (up 3% compared to Q3/2023). Additionally, key ports such as Nam Dinh Vu, Phuoc Long-Binh Duong, and Gemalink are operating at an average capacity utilization of over 80%. These ports are projected to exceed their design capacity in Q4/2024 and maintain this high utilization level into 2025, further enhancing operational efficiency.

Total container throughput in Vietnam



GMD container throughput by ports



Sources: GMD, ACBS

Nam Dinh Vu 3 and Gemalink 2 projects are set to be implemented, increasing GMD's design capacity by an additional 2.1 million TEUs per year (+60% compared to current capacity). For Gemalink 1, operating beyond its design capacity this year is a crucial condition for completing legal procedures, obtaining construction permits, and arranging financing. Meanwhile, Nam Dinh Vu 3 is currently undergoing dredging and land leveling. Progress on these two projects has been slower than initially projected, prompting us to revise our timeline and forecasts as follows:

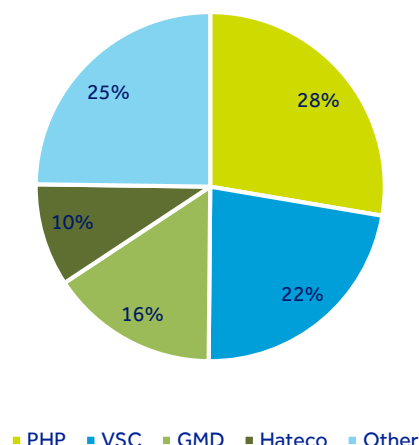
Port	Original Start Date	Revised Start Date	Operational Start Date	Forecast
Nam Dinh Vu 3	2H.2024	1H.2025	2H.2026	Expected to contribute to GMD's consolidated revenue starting from 2H.2026, with additional design capacity increasing by 17.6% compared to current total capacity.
Gemalink 2	1H.2025	1H.2026	2H.2027	Expected to contribute to GMD's profit through its associates. Notably, Gemalink Phase 2A (600,000 TEU/year) will commence operations by late 2027.

GMD's growth momentum may experience a divergence between its northern and southern port clusters due to new port projects becoming operational, which will increase supply and intensify competition in these areas. Among them, the southern region is expected to face less pressure, with its port cluster serving as the primary growth driver for GMD in the upcoming period.

Investor	Port	Location	Investment capital (VNDbn)	Design capacity (TEU/year)	Estimated operational timeline
Hai Phong Port JSC	Lach Huyen Terminals 3 & 4	Hai Phong	6,900	1,100,000	Q1/2025
Hateco Group JSC	Lach Huyen Terminals 5 & 6	Hai Phong	8,900	1,800,000	Q1/2025
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
Gemadept Corporation	Nam Dinh Vu Phase 3	Hai Phong	2,800	600,000	Q2/2026
Gemadept Corporation	Gemalink Phase 2	Ba Ria-Vung Tau	8,000	1,500,000	Phase 1 (0.6 million TEU/year) in 2027
N/A	Can Gio Port Phase 1	Can Gio	N/A	2,100,000	Phase 1 expected to begin operations before 2030

Estimated port market share in Hai Phong in 2025

Sources: GMD, ACBS



Sources: GMD, ACBS

The total supply capacity in Hai Phong is estimated to reach 11.5 million TEUs per year by 2025 (a 33.5% increase compared to 2024) and 13.9 million TEU per year by 2027 (a 61.2% increase compared to 2024). Regarding this risk, while there may be some impacts, it is expected to be limited. This is because GMD currently operates its ports with large operational capacity and centralized locations. In scenarios where throughput volume is not robust, the impacts will be lower compared to the earlier period when GMD managed ports in separate and independent locations.

For Cai Mep-Thi Vai in Ba Ria-Vung Tau, supply pressure is expected to be lower since only the Gemalink 2A project by GMD is planned for operation in the second half of 2027. Meanwhile, the largest project in the area, Can Gio Port, is still under appraisal and is expected to be completed before 2030.

2024 & 2025 earnings forecast

We have revised our 2024 forecast as GMD's 9M2024 results exceeded expectations. Specifically, while revenue and gross profit remain unchanged, we have adjusted SG&A expenses down by 15.1% YoY to VND485 bn and increased profit from associates by 130% to VND625 bn. This improvement is attributed to throughput volumes at ports exceeding capacity by an average of 15-20%, boosting revenue and optimizing operating costs. Consequently, GMD's 2024 PBT for core business is projected to reach VND1,816 bn (+39.3% YoY).

GMD has approved a plan to raise VND3,000 bn through a rights issue at a ratio of 3:1 and an execution price of VND29,000 per share. This capital will be allocated in Q1/2025 for logistics investments (VND1,350 bn), increasing its stake in Nam Dinh Vu Port (VND558 bn), purchasing fixed assets (VND862 bn), and repaying bank loans (VND230 bn).

For 2025, we forecast PBT at VND2,080 bn (-3.7% YoY) based on the following assumptions:

- Net revenue is estimated at VND4,943 bn (+12% YoY), driven by port throughput exceeding capacity, similar to figures in 2024. Total container throughput is expected to reach 4.1 million TEUs (-2.2% YoY), with Gemalink contributing 1.7 million TEUs. Despite a slight drop in volume, increased ownership in Nam Dinh Vu will drive port operation revenue to VND3,993 bn (+6.3% YoY) and profits from associates to VND649 bn (+3.8% YoY).
- Logistics revenue is projected at VND950 bn (+45% YoY) due to fleet expansion, reaching to seven vessels with a total capacity of 8,600 TEUs.
- Gross profit margin achieves 44.5%, maintaining stability as ports continue to operate above capacity.

Using the discounted cash flow method, we estimate GMD's fair value over the next 12 months at VND73,500 per share, up 20.4% from the previous valuation. Compared to the closing price on December 4, 2024, of VND64,700 per share, this represents a 15% upside, including a cash dividend of VND1,000 per share. The 2025 P/E and P/B ratios are projected at 14.5x and 1.6x, respectively.

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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

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