

Gemadept Corporation (GMD)

Conservative 2024 guidance

On June 25, we attended GMD's 2024 AGM 2024, and here are our key takeaways:

GMD's conservative guidance for 2024

- The AGM approved GMD's 2024 guidance with a slight rise in net revenue and core business (Table 2). As mentioned in [our AM Brief](#), despite strong throughput volume growth in 1Q24, BOD is cautious about the 2H24 outlook due to global geopolitical tension and slower inventory restocking in major export markets, resulting in conservative guidance for 2024.
- Management also shared that the preliminary 6M24 EBT fulfilled 53% of 2024 guidance.

Capital raise and profit distribution

- The AGM approved GMD's plan to raise VND3,001bn through a public offering to existing shareholders (3:1 ratio, issuance price: VND29k/share, no lock-up period), the issuance is expected to happen in 2024. The proceeds will be used for (1) VND2.2tn to purchase fixed assets, (2) VND230bn for debt repayments, and (3) VND558bn to increase contribution in Nam Dinh Vu port.
- GMD planned to pay a 22% cash dividend (VND2,200/share) in 2024, which is higher than the previous year's 20% cash dividend.

Table 1. Yearly earnings and financial ratios

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	2,643	2,606	3,206	3,898	3,846
chg. (% YoY)	(2.4)	(1.4)	23.1	21.6	(1.3)
Operating profit (VND bn)	741	496	861	1,309	3,177
Net profit (VND bn)	614	440	721	1,161	2,534
EPS (VND)	1,638	1,158	1,912	3,298	7,357
chg. (% YoY)	(72.40)	(29.3)	65.1	72.5	123.1
EBITDA (VND bn)	910	879	1,072	1,445	1,513
PE (x)	21.83	35.54	24.98	21.07	11.05
EV/EBITDA (x)	13.74	15.79	15.29	15.67	17.52
PB (x)	1.81	2.1	2.28	3.02	2.9
ROE (%)	10.4	6.3	11.8	15.0	32.7
Dividend yield (%)	2.80	2.92	2.51	2.88	

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest
Source: Fiinpro, KISVN

12M rating **Non-rated**

12M TP
Up/Downside

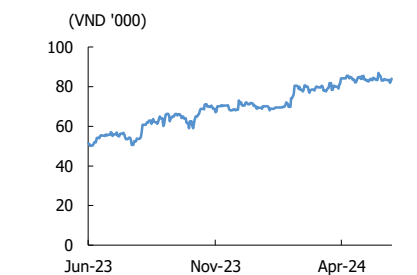
Stock Data

VNIndex (26 Jun, pt)	1,261
Stock price (26 Jun, VND)	84,000
Market cap (USD mn)	1,024
Shares outstanding (mn)	310
52-Week high/low (VND)	86,900/50,136
6M avg. daily turnover (USD mn)	4.93
Free float / Foreign ownership (%)	97.5/47.5
Major shareholders (%)	
SSJ Consulting (Viet Nam) LLM	10.0
Le Thuy Huong	5.0
ReCollection Private Limited	4.6

Performance

	1M	6M	12M
Absolute (%)	0.6	17.5	64.9
Relative to VNIndex (%p)	0.5	4.1	51.4

Stock price trend



Source: Bloomberg

Research Department

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Expansion plans and opportunities

- *In the North:* GMD invested roughly VND100bn in Ha Nam Canal dredging project and the project will be completed by this June allowing larger vessels to navigate through the Ha Nam Canal to Nam Dinh Vu port, BOD estimated 300,000 TEUs added to its volume throughput.
- *In the South:* Gemalink received 10 ships avoiding congestion in Singapore, these ad-hoc shipments (urgent handling with a precise date) contributed to Gemalink's total throughput. GMD was researching and implementing a model route connecting the Mekong Delta with Cai Mep – Thi Vai and expected the new route to increase volume throughput to Gemalink.
- Despite the conservative outlook for 2H24, BOD invested heavily in expansion projects and was actively looking for M&A opportunities to enrich GMD's ecosystem (Table 3). We believe Vietnam is now at the beginning phase of a new economic growth cycle, the congestion in Singapore has given Cai Mep – Thi Vai the opportunity to be an international transshipment port, and we appreciate GMD's strategic expansion plan in this area.
- Additionally, management showed confidence about GMD's competitive edge on the Can Gio project and competitors in Cai Mep – Thi Vai: (1) Can Gio transshipment project would not damage Gemalink's revenue due to different port models, (2) GMD can provide comprehensive logistics solutions to its clients that new competitor couldn't.

Table 2. GMD's guidance for 2024

	Unit	2023	2024	YoY
Net Revenue	VND bn	3,846	4,000	4%
EBT	VND bn	3,147	1,686	-54%
- Core business		1,307	1,350	3%
- Divestment		1840	336	18%

Source: GMD

Table 3. GMD's expansion projects

	Added capacity (TEUs)	Investment	Financing structure (Debt/Equity)	Construction plan	Guidance
Nam Dinh Vu phase 3	650,000	VND2,800bn	70%/30%	Jul 2024 – Dec 2025	2026: 50% 2027: Full
Gemalink phase 2A	600,000	USD100mn	65%/35%	Nov 2024 – Dec 2025	2026: 50% 2027: 70-75% 2028: Full
Gemalink phase 2B	900,000	USD200mn		After Gemalink 2A reaches 80-85% capacity	

Source: GMD

■ Company Overview

Gemadept Corporation, formerly known as General Forwarding and Agency Corporation, was established in 1990. The company specializes in port operation and logistics services. GMD has been the leading port operator with the largest deep-sea port in Vietnam.

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