

14 Aug 2024

Gemadept Corp (GMD)

Recovery momentum continued in 2Q24

Trade recovery continues to support 2Q24 performance

- In 2Q24, GMD reported a total revenue of VND1,181bn (+44% YoY) and a total container throughput of 1,086k TEUs (+46% YoY). In particular:
 - **Port operation:** revenue increased to VND985bn (83% of total revenue, +44% YoY) thanks to higher throughput volume from all GMD's ports.
 - **Throughput volume:** (1) general cargo volume reached 505k tons (+8% YoY) and (2) total container throughput increased to 1,086k TEUs (in the North: 304k TEUs, +11% YoY; in the South: 782k TEUs, +65% YoY) (Figure 4).
 - GMD applied higher fees for many services in Nam Dinh Vu Port (NDV) in June, however, we believe the increase in fees didn't contribute much to higher port operation's GPM and VND115bn of completed constructions being capitalized in 2Q24 might put a little pressure to this segment's GPM (Figure 3).
 - We estimated utilization rates of NDV and GML reached 94% and 92% in 1H24, respectively. Therefore, GMD still has room for growth in 2H24 before these 2 ports reach full capacity and expansion plans are put into use.
 - **Logistics:** revenue declined to VND196bn (17% of total revenue, -15% YoY), yet higher than 1Q24 (+20% QoQ).
- GMD's NPAT declined to VND418bn (-76% YoY) due to a high base in 2Q23, excluding gains from port divestments in 2Q23 and 1Q24, NPAT grew at 56% YoY (Figure 2). Higher profit contribution from GML (VND108bn, +125% QoQ) helped increase GPM while OPM slightly decreased (Figure 3).

12M rating **NON-RATED**

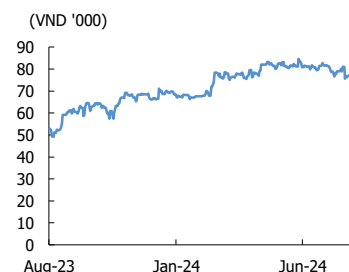
Stock Data

VNIndex (14 Aug, pt)	1,230
Stock price (14 Aug, VND)	78,800
Market cap (USD mn)	977
Shares outstanding (mn)	310
52-Week high/low (VND)	84,625/49,295
6M avg. daily turnover (USD mn)	5.02
Free float / Foreign ownership (%)	97.5/48.4
Major shareholders (%)	
SSJ Consulting (Viet Nam) LLM	10.0
Le Thuy Huong	5.0
KIM Vietnam Growth Equity Fund	3.7

Performance

	1M	6M	12M
Absolute (%)	(3.7)	16.4	49.8
Relative to VNIndex (%p)	0.2	12.8	48.4

Stock price trend



Source: Bloomberg

	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	6,943
chg. (% yoy)	(72.40)	(29.3)	65.1	72.5	110.5
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	17.02
PB (x)	1.8	2.1	2.3	3.0	2.9
ROE (%)	8.8	6.3	10.0	15.0	29.0
Dividend yield (%)	2.80	2.92	2.51	2.88	2.81

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

Research Dept

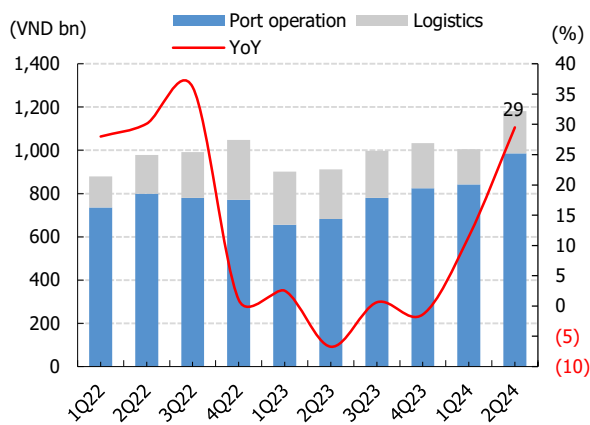
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Stronger trade could maintain GMD's performance in the short-term

We expect positive trade outlook in the short-term but growth rate may slow as follows:

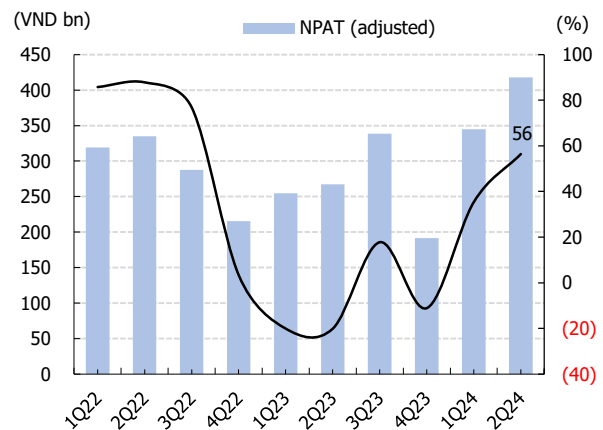
- (1) S&P Global's July PMI for Vietnam suggested stronger trade in the following months (Figure 5).
- (2) The PMI report also indicated that new orders rose hence the ramp-up in production, but export orders rose at a much softer pace than total new orders, partially due to the surge in freight rates (Figure 6).
- (3) Export and import turnover in 7M24 grew at very high rates (+16% and +19% YoY, respectively), and we believe trade growth could slow down as the low base effect of 1H23 has ended (Figure 7).

Figure 1. 2Q24 revenue up 29% YoY as throughput volume growth remains high



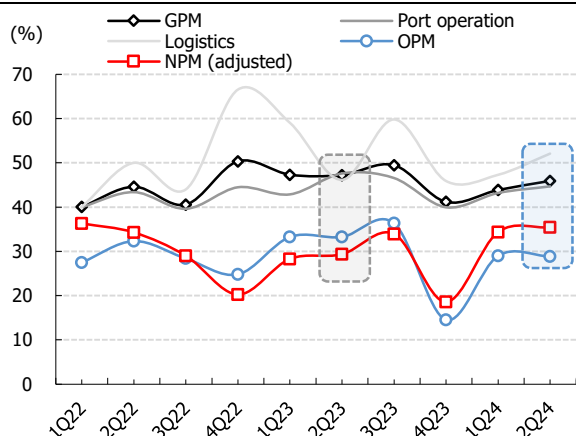
Source: Company data, KISVN

Figure 2. Excluding gains from port divestment, 2Q24 NPAT up 56% YoY



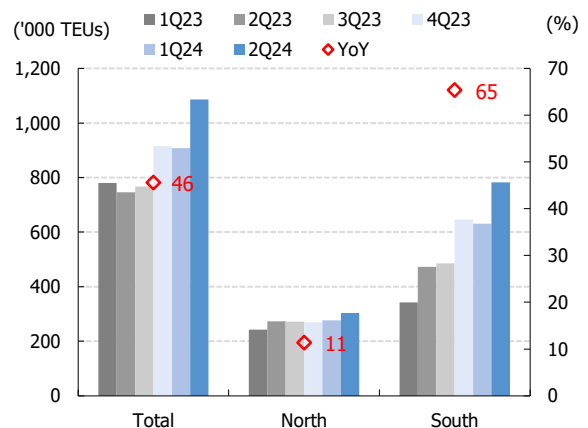
Note: NPAT is adjusted by excluding gains from port divestments
Source: Company data, KISVN

Figure 3. GPM improved, NPM and OPM gap widened as GML is generating more profits



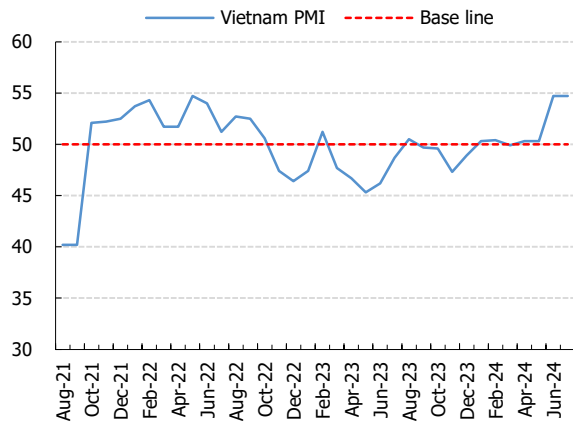
Source: Company data, KISVN

Figure 4. Total throughput volume up 46% YoY, the South up 65% YoY



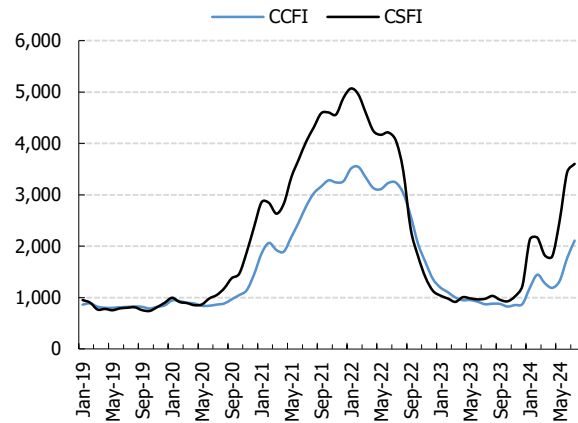
Source: Company data, KISVN

Figure 5. July's PMI remained at 54.7 as new orders rose



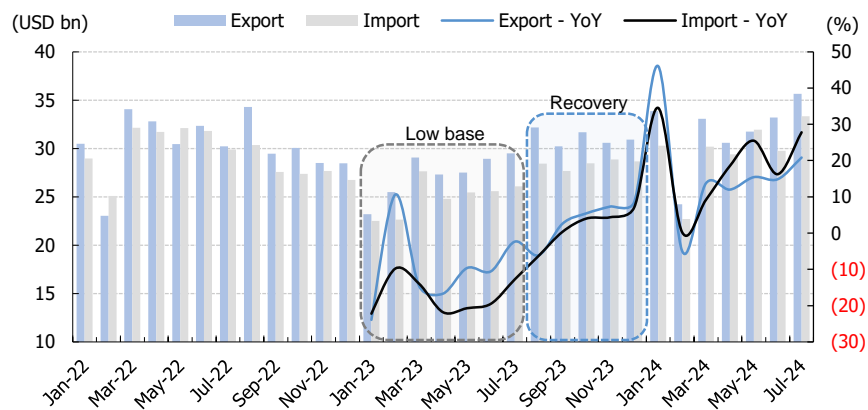
Source: S&P Global, KISVN

Figure 6. Freight rates have doubled since January, which may slow down trade as costs rise



Note: CCFI considers spot rates and contract rates from major Chinese ports, CSFI considers spot rates from Shanghai
Source: Shanghai Stock Exchange, KISVN

Figure 7. Export (+16% YoY) and import (+19% YoY) in 7M24, but the low base effect has ended



Source: Bloomberg, Company data, KISVN

■ **Company Overview**

Gemadep Corporation (GMD), 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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