

1 Nov 2024

Gemadept Corp (GMD)

Highest NPAT of Gemalink

Strong profits affected by provision costs

- In 3Q24, GMD reported a total revenue of VND1,264bn (+7% QoQ, +26.7% YoY, figure 1). In particular:
 - **Port operation:** revenue rose to VND1.2tn (89% of total revenue, +27% YoY) thanks to (1) solid ports' throughput volume growth (Nam Dinh Vu +18% YoY, Binh Duong +60% YoY), (2) 3-11% increase in surcharges and ancillary fees.
 - **Logistics:** revenue declined to VND142bn (11% of total revenue, -35% YoY).
- Gains from associates in 3Q24 soared to VND222bn (+279% YoY), in which, GML contributed VND152bn (vs VND6bn loss in 3Q23) and SCS contributed VND58bn (+35% YoY).
- SG&A costs hiked (+79% YoY) due to higher commission for agencies. Additionally, a large provision for rubber cultivation project caused VND75bn loss in net other income.
- GMD bore a gross profit loss in Logistics segment (figure 3), yet port operation gross profit margin (GPM) stable at 46.0% (+0.1%p QoQ, -0.6%p YoY). However, operating profit margin (OPM) stood at 31.6% (+2.7%p QoQ, -4.8%p YoY) due to higher SG&A costs (figure 4).
- All in all, GMD recorded VND448bn NPAT (+7.2% QoQ, +32.5% YoY) in 3Q24 (Figure 2). For 9M24, GMD has a total NPAT of VND1,549bn (fulfilling 102% of the company guidance).

12M rating **NON-RATED**

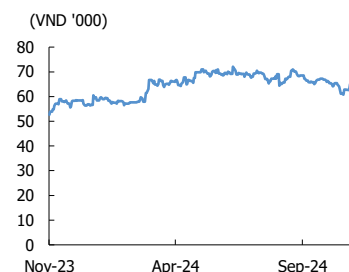
Stock Data

VNIndex (01 Nov, pt)	1,255
Stock price (01 Nov, VND)	64,200
Market cap (USD mn)	1,051
Shares outstanding (mn)	414
52-Week high/low (VND)	72,073/53,910
6M avg. daily turnover (USD mn)	3.88
Free float / Foreign ownership (%)	98.1/36.1
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 (%)	(2.6)	(8.1)	25.3
Relative to VNIndex (%p)	0.2	(13.2)	2.1

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: Fiiopro, KISVN

Research Dept

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Import-export market took a breath

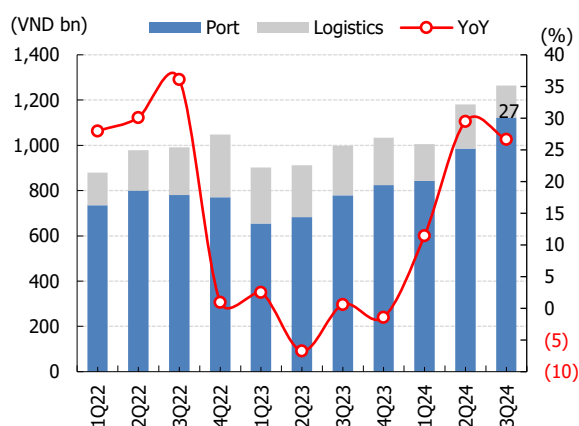
- Vietnam's Sep exports and imports reached USD33.6bn (+11% YoY) and USD30.9bn (+12% YoY), which suggests trade flows are slowing down. Vietnam's major exporting markets, the US and EU contracted the export in Sep due to sufficient inventories accumulated in July and August (Figure 7). Imports from China slowing down in September is not a concerning signal as peak season arrived earlier this year (figure 8).
- We still maintain a positive view on Vietnam's trade in 4Q24F and 2025F, which is driven by FED's rate cuts, however the stimulating effect would take time to work through.
- Despite the industry headwinds in the short-term, GMD could stay resilient thanks to its firm footprint in the port operation industry.

Table 1. Quarterly earnings snapshot in 3Q24

	3Q23	4Q23	1Q24	2Q24	(VND bn, %, %p)		
					3Q24	QoQ	YoY
Sales	998	1,034	1,006	1,181	1,264	7.0	26.7
OP	363	150	291	341	399	17.0	9.9
OP margin	36.4	14.5	29.0	28.8	31.6	2.8	(4.8)
EBT	398	253	708	511	501	(2.0)	25.9
NP	338	192	656	418	448	7.2	32.5

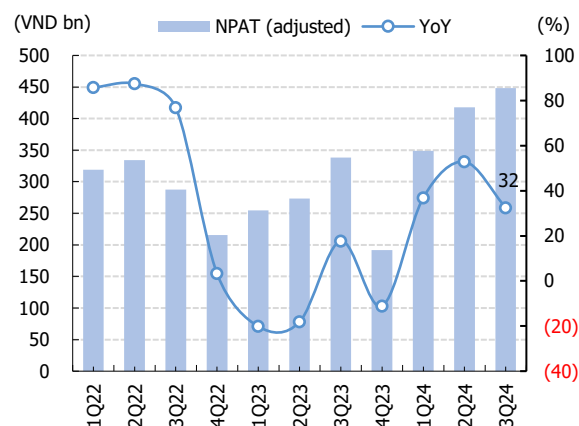
Source: Company data, FiinproX, KIS research

Figure 1. 3Q24 revenue up 27% YoY as throughput volume growth remains high



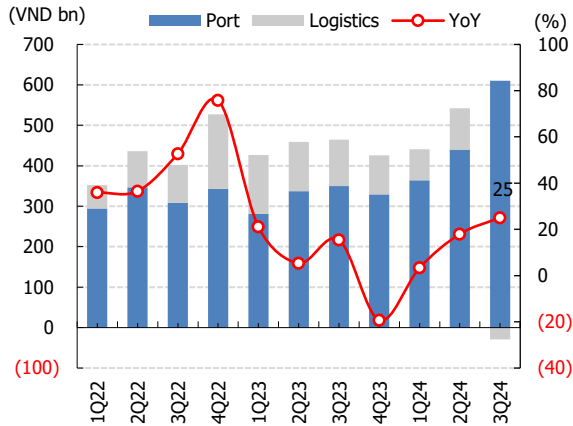
Source: Company data, KIS Research

Figure 2. 3Q24 NPAT up 32% YoY



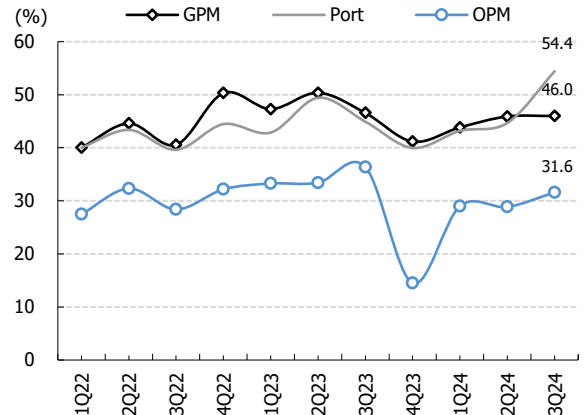
Note: NPAT is adjusted by excluding gains from port divestments
Source: Company data, KIS Research

Figure 3. High volume and fee increases boosted gross profits to up 25% YoY despite logistics loss



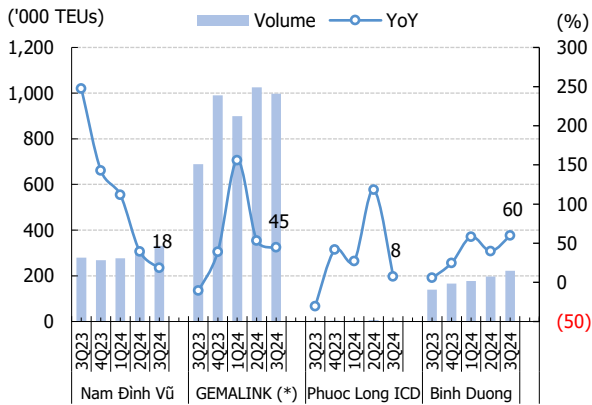
Source: Company data, KIS Research

Figure 4. Widened Port GPM expanded OPM



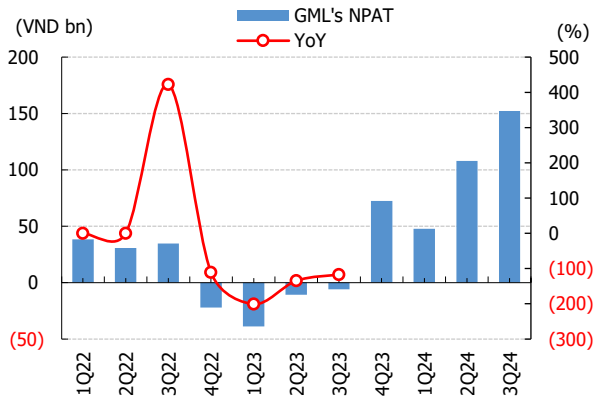
Note: Gemalink's throughput volume includes barge handling
Source: VPA, KIS Research

Figure 5. GMD's ports reaped solid volume growth



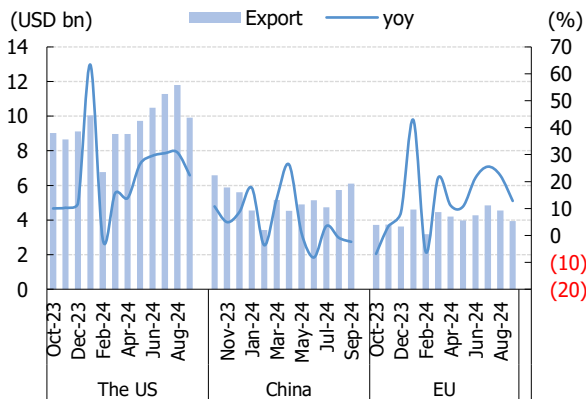
Note: Gemalink's throughput includes barge handling
Source: VPA, KIS Research

Figure 6. A record VND234bn NPAT of GML in 3Q24



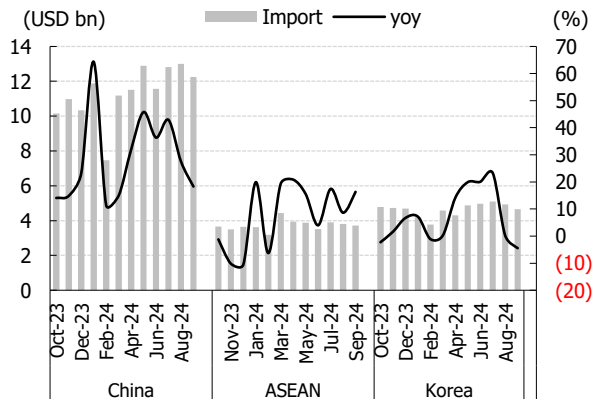
Note: Numbers are estimated using data in financial statements
Source: Company data, KIS Research

Figure 7. Exports to the US and EU decelerated



Note: Data as of Sep-24
Source: FiinproX, KIS Research

Figure 8. Imports from major suppliers softened



Note: Data as of Sep-24
Source: FiinproX, KIS Research

■ 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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