

1 Nov 2024

HAI AN JSC (HAH)

Outstanding net profit growth

Higher charter rates boosted revenue and profits

- In 3Q24, HAH reported a VND1,129bn revenue (+19.1% QoQ, +63.0% YoY, figure 1). In particular:
 - **Vessel operation:** revenue soared to VND883bn (78% of total revenue, +14.1% QoQ, +47% YoY) thanks to (1) fatter self-operated transport volume results from new services in 2Q24 and rising rates, (2) 7/15 vessels are for lease with higher rates than in 1H24 (Figure 5, 6).
 - **Port operation:** revenue increased to VND66bn (7% of total revenue, +21% YoY, -5.9% QoQ) resulting from (1) 8-19% increase in handling and ancillary fees, (2) rosy throughput volume in July and August (+3% YoY, figure 4).
- 3Q24 gross margin (GPM) rose to 27.5% (vs 16.9% in 2Q24, figure 3) primarily through the hike in container rates, additional 4 self-operated vessels in 3Q24 under time charter (T/C) contracts and the renewal of 2 vessels in 3Q24 at favourable rates (USD15-18k per day in 3Q24 vs USD14-15k per day in 2Q24) (Figure 5, 6).
- Larger debt to finance fleet expansion in 4Q23 led to costlier interest expenses in 3Q24 (+59% YoY) and operating 2 new vessels brought in more SG&A expense (+35% YoY). However, operating margin (OPM) and net margin (NPM) expanded to 24.5% (vs 16.3% in 3Q23) and 30.7% (vs 17.2% in 2Q23) thanks to stronger GPM (Figure 3)
- Hence, NPAT-MI skyrocketed to VND199bn (+78.2% QoQ, +88.5% YoY) and confirmed that HAH's profits turnaround in 2Q24 (VND59bn in 1Q24, figure 2).
- For 9M24, HAH reported total revenue of VND2,781bn (+43% YoY) and NPAT-MI of VND370bn (+15% YoY), fulfilling 84/128% of the full-year company guidance.

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	1,109	1,192	1,955	3,206	2,613
chg. (% YoY)	5.2	7.5	64.1	63.9	(18.5)
Operating profit (VND bn)	153	170	642	1,300	447
Net profit (VND bn)	133	147	551	1,041	358
EPS (VND)	2,370	2,694	8,795	11,684	3,461
chg. (% YoY)	(10.9)	13.7	226.4	32.9	(70.4)
EBITDA (VND bn)	269	309	793	1,586	850
PE (x)	8.7	21.9	3.8	3.3	11.5
EV/EBITDA (x)	4.0	10.1	2.9	2.6	6.9
PB (x)	1.0	2.7	1.0	1.2	1.6
ROE (%)	12.4	13.4	34.0	42.6	15.5
Dividend yield (%)	4.9	1.7	3.0		

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest
Source: FiinproX, KIS Research

12M rating **NON-RATED**

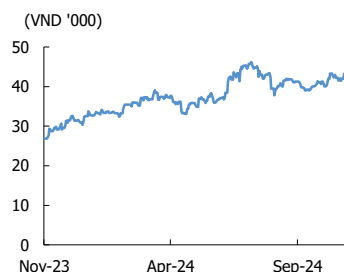
Stock Data

VNIndex (01 Nov, pt)	1,255
Stock price (01 Nov, VND)	43,000
Market cap (USD mn)	206
Shares outstanding (mn)	121
52-Week high/low (VND)	46,250/26,870
6M avg. daily turnover (USD mn)	6.40
Free float / Foreign ownership (%)	44.6/9.8
Major shareholders (%)	
Hai Ha Investment & Transport	16.8
TM Holding Fund Company Limited	4.4
Multimodal Transport Agent	3.4

Performance

	1M	6M	12M
Absolute (%)	4.2	20.0	70.8
Relative to VNIndex (%p)	7.1	14.9	47.7

Stock price trend



Source: Bloomberg

Research Dept

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Port strike and rising geopolitical conflicts

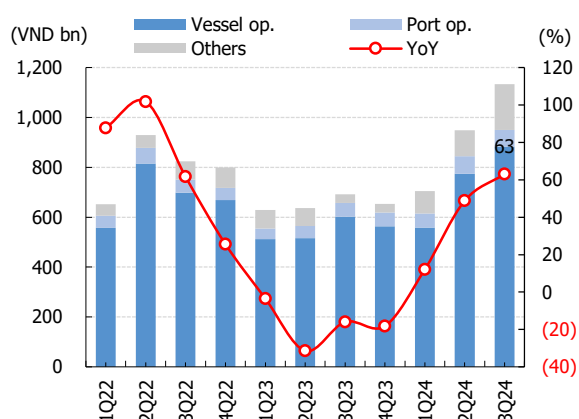
- As we mentioned in [previous report](#), congestion in Singapore port resolved and container rates declined more than 20% since. Additionally, negotiation result between US port operators and ILA regarding automation restrictions suggest lower efficiency and higher freight rates globally in the long-run.
- The T/C contract of HaiAn View vessel ended in 3Q24 and 6/15 vessels are under T/C contracts until end of 4Q24. Since spot rates and T/C rates rise since early 2024, we believe HAH could benefit and sustain the solid GPM in 4Q24F.

Table 1. Quarterly earnings snapshot in 3Q24

	(VND bn, %, %p)						
	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ	YoY
Sales	692	654	705	948	1129	19.1	63.0
OP	119	85	85	193	347	79.3	191.1
OP margin	17.2	13.0	12.0	20.4	30.7	10.3	13.5
EBT	135	53	65	172	321	86.3	238.7
NP	113	39	47	127	277	118.6	245.7

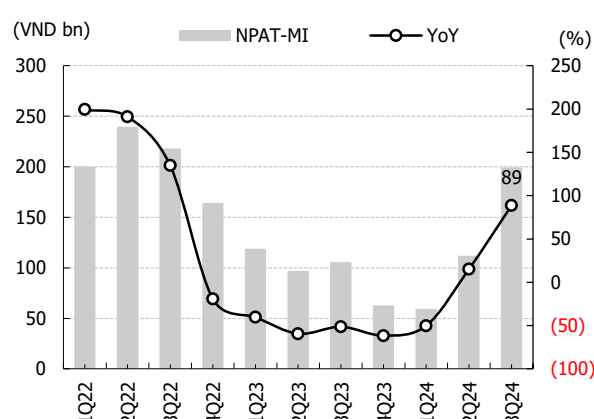
Source: Company data, FiinproX, KIS research

Figure 1. 2Q24 revenue up 55% yoy as vessel operation segment doubled



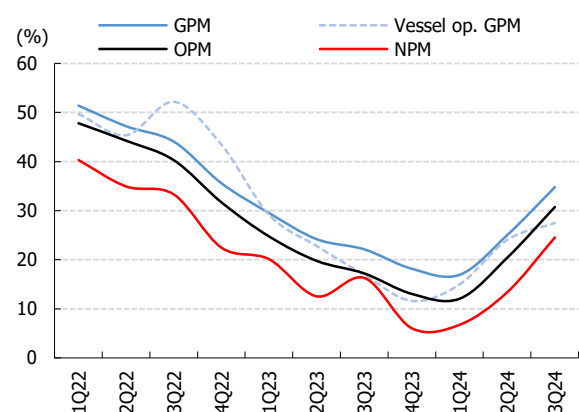
Source: Company data, KIS Research

Figure 2. NPAT-MI up 15% yoy, confirming profits have bottomed in 1Q24



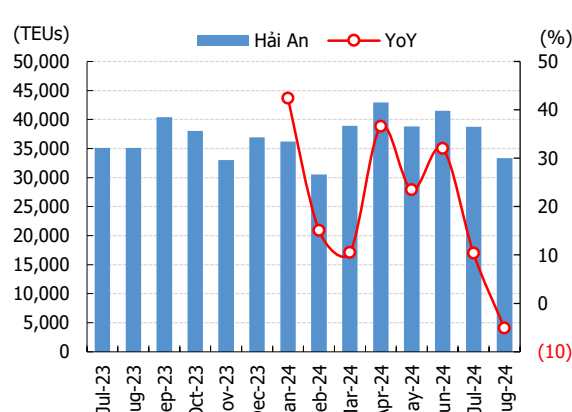
Source: Company data, KIS Research

Figure 3. Vessel op. GPM in 2Q24 recovered at 24.0% vs 8.0% in 2Q23



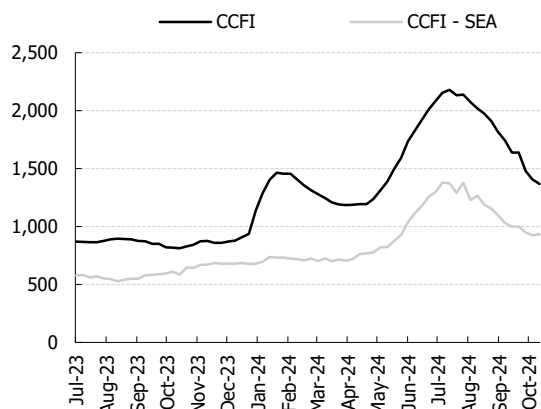
Source: Company data, KIS Research

Figure 4. Total throughput volume in Jul-24 and Aug-24 up 3% YoY



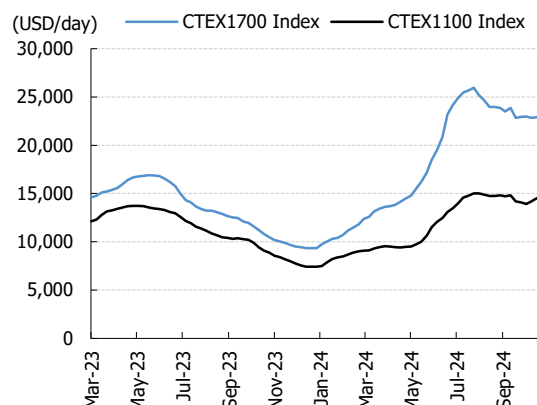
Source: VPA, KIS Research

Figure 5. The port congestion in Singapore eased and the container index declined



Note: SEA = services to South East Asia; Data as of Oct 25, 2024
Source: SSE, KIS Research

Figure 6. T/C rates picked up 156% and 99% for 1,700 TEU and 1,100 TEU vessel since January



Note: Data as of Oct 25, 2024
Source: Bloomberg, KIS Research

■ Company overview

Hal An Transport and Stevedoring JSC (HAH), was established in 2009. HAH specializes in port operation vessel agency, and vessel operation. HAH owns the largest container fleet in Vietnam of 15 vessels with total capacity of over 23 thousand TEUs.

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