

5 Nov 2024

VOSCO JSC (VOS)

3Q24: Loss yet improved

Better dry bulk rates improved shipping gross profits

- In 3Q24, VOS reported a VND1.27tn revenue (-32% QoQ, +77% YoY). In particular:
 - **Commercial segment:** revenue soared to VND778bn (61% of total revenue, -38% QoQ, +218% YoY). We believe the high YoY growth is most likely come from 3Q23 low base as this segment has just come into business in 2Q23.
 - **Shipping:** revenue inched up to VND492bn (39% of total revenue, -20% QoQ, +4% YoY). VOS's shipping division dynamics diverges: dry shipping rates keep upward and remain balloon (spot +42% YoY, T/C +31% YoY) while product tanker rates swing wildly and are lower vs last year (spot -20% YoY, T/C -19% YoY)¹.
- Despite the absence of interest expenses in 3Q24, financial expenses doubled to VND19bn due to exchange rate loss.
- Blended gross profit margin (GPM) inched up by 3.1%p QoQ, +2.3%p YoY to 1.9% thanks to dry bulk rate growth offsetting depreciation increase up to VND40bn (-42% QoQ, +53% YoY) after adjustments in 2Q24 (Figure 5, 6). Thinner SG&A costs/sales (2.5% in 3Q24 vs 4.6% in 3Q23) also expanded operating margin (OPM) to -0.6% (+2.8%p QoQ, +4.4%p YoY).
- At the bottom line, VOS recorded VND14bn NPAT loss (vs VND23bn loss in 3Q23). For 9M24, revenue and NPAT soared by 86/578% YoY to VND4.2tn/VND344bn (fulfilling 174/128% of the full-year company guidance).

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	1,545	1,281	1,424	2,420	3,189
chg. (% YoY)	4.7	(8.6)	(17.1)	11.1	70.0
Operating profit (VND bn)	(183)	(260)	354	531	81
Net profit (VND bn)	51	(187)	490	488	155
EPS (VND)	365	(1,338)	3,502	3,485	1,110
chg. (% YoY)	198.0	(466.7)		(0.5)	(68.2)
EBITDA (VND bn)	4,359	(2,409)	(2,914)	(3,384)	(115)
PE (x)	4.6	(3.1)	5.2	2.9	10.9
EV/EBITDA (x)	17.72	(31.52)	(24.69)	(21.93)	(711.27)
PB (x)	0.3	1.1	2.5	0.9	1.0
ROE (%)	7.5	(30.8)	64.6	38.5	9.7
Dividend yield (%)	0.7	0.0	0.0	0.0	0.0

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

Source: FiiproX, KIS Research

12M rating **NON(RATED)**

Stock Data

VNIndex (05 Nov, pt)	1,246
Stock price (05 Nov, VND)	14,150
Market cap (USD mn)	78
Shares outstanding (mn)	140
52-Week high/low (VND)	21,900/9,460
6M avg. daily turnover (USD mn)	2.17
Free float / Foreign ownership (%)	48.8/1.0
Major shareholders (%)	
Vietnam Maritime Corporation	51.0
PYN Elite Fund (non-ucits)	4.9
Vietnam Southern Food Corporation	2.1

Performance

	1M	6M	12M
Absolute (%)	(6.9)	32.9	49.7
Relative to VNIndex (%p)	(5.0)	29.4	31.7

Stock price trend



Source: Bloomberg

Research Dept

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¹ dry vessels currently account for 64% of its fleet tonnage

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More supply in tanker market, slower demand growth in dry bulk market

- According to BIMCO, product tanker market could witness a rapid supply growth from 4Q24F to 2025F thanks to order deliveries. Demand expansion arises from longer new routes to avoid attacks in Red Sea. Therefore, the supply demand dynamics in product tanker could be balanced. Meanwhile, dry bulk market is facing weaker demand in contrast to stronger supply, resulting in declining rates in 2025F.
- Given the poor outlook of VOS's 2 major shipping lines and its thin profitability, we remain conservative on VOS's new ship building plan and earnings result in 4Q24F.

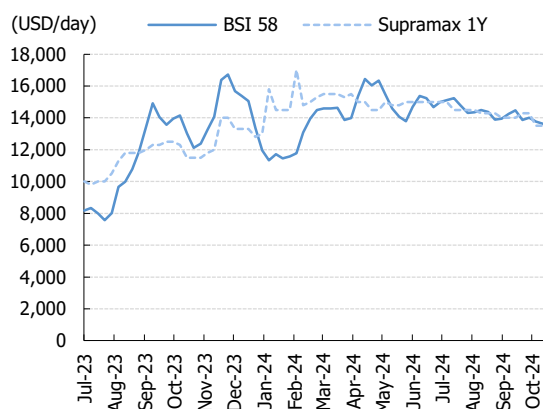
Table 1. Quarterly earnings snapshot in 3Q24

(VND bn, %, %p)

	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ	YoY
Sales	716	910	1,097	1,872	1,270	32.2	77.0
OP	(36)	15	67	(63)	(7)	(159.2)	(79.4)
OP margin	(5.0)	1.6	6.1	(3.4)	(0.6)	10.3	4.4
EBT	(23)	139	83	344	(14)	2.8	(39.0)
NP	(23)	105	75	284	(14)	(105.0)	(39.4)

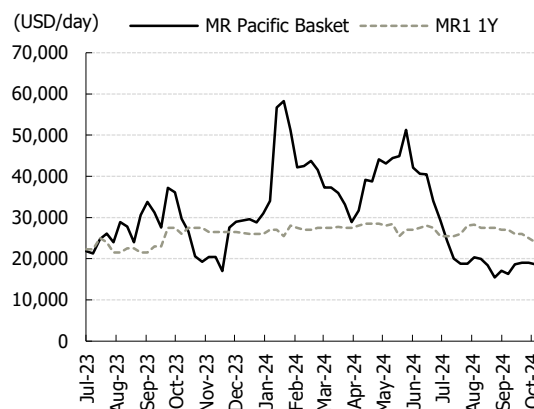
Source: Company data, FiinproX, KIS research

Figure 1. Dry bulk charter rates in 3Q24 (spot +42% YoY, T/C +31% YoY)



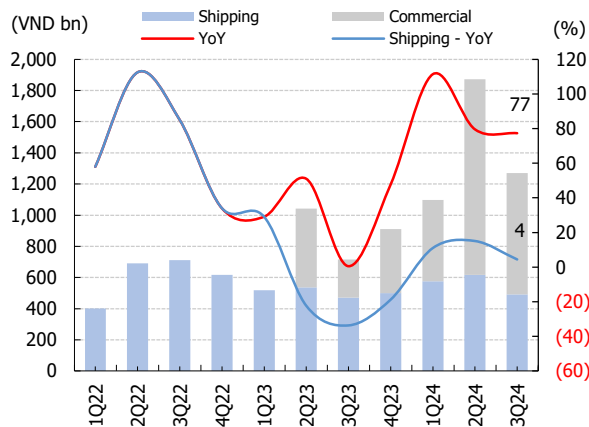
Note: Supramax = 40k-65k DWT
Source: Banchemo Costa Research, KIS Research

Figure 2. Product tanker charter rates in 3Q24 (spot -20% YoY, T/C -19% YoY)



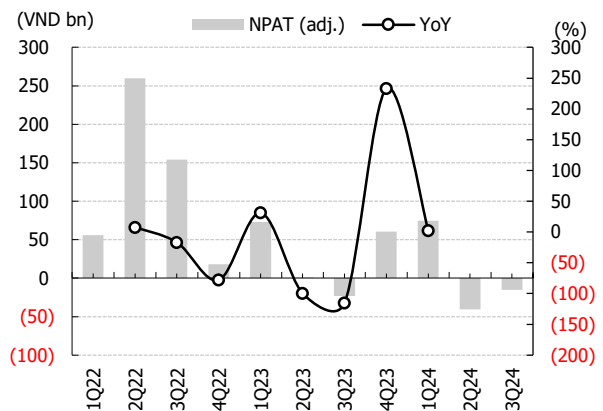
Note: MR1 = 30k-42k DWT
Source: Banchemo Costa Research, KIS Research

Figure 3. Shipping growth took a breath (+4%YoY), most of revenue growth was from commercial (+77%YoY)



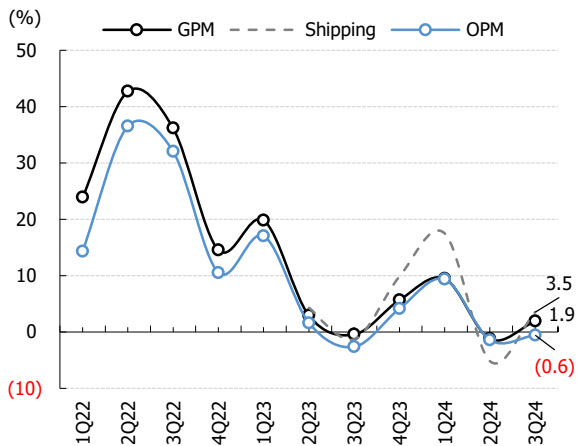
Source: Company data, KIS Research

Figure 4. 3Q24 NPAT loss was slower both YoY and QoQ basis



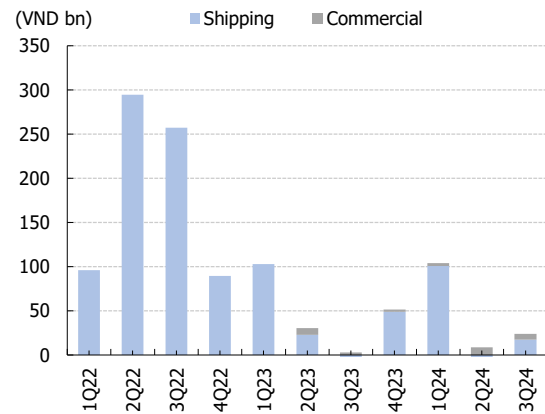
Note: NPAT is adjusted by excluding gains from vessel liquidations.
Source: Company data, KIS Research

Figure 5. Shipping GPM improved to 3.5% (+8.7%p QoQ, +4.8%p YoY)



Source: Company data, KIS Research

Figure 6. The shipping segment generates profits after a large depreciation adjustment in 2Q24



Source: Company data, KIS Research

■ Company overview

Vietnam Ocean Shipping JSC (VOS), a member of VIMC, was established in 1970. VOS specializes in sea transportation and other marine services such as vessel agency, training and supplying seafarers. VOS own a fleet of 13 vessels including 7 bulk dry ships, 4 product tankers and 2 container ships.

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