Shinhan Securities

Before you invest, ask us!

ICD Tan Cang Long Binh JSC.

06/10/2021

Ticker	**ILB**
RATING	**HOLD**
Current price (VND)	**25,200**
Target price (VND)	**28,984**
Upside	**15.0%**

Analyst:	**Lam Do**
Email:	lam.dt@shinhan.com
Điện thoại:	☎ (84-28) 6299-8004

COMPANY INFORMATION

Industry	Industrial Transportation
Stock Exchange	HOSE

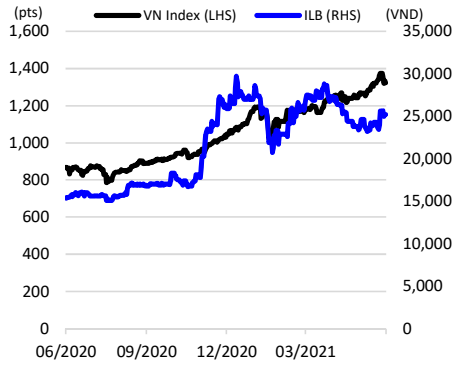
STOCK TRADING DATA

VN INDEX	1,324
Market Cap. (bn VND)	617
Outstanding Shares (1mn)	25
Free Floating Shares (1mn)	10
52-week High (VND)	30,000
52-week Low (VND)	15,000
Avg. Trading Volume (mn)	0.1
Avg. Reading T/O (bn VND)	2

ILB's PERFORMANCE VS VN INDEX

(%)	3M	6M	12M
Absoulute	(3.8)	(3.8)	49.1
Relative	(16.9)	(32.2)	2.0

STOCK PRICE PERFORMANCE



INVESTMENT THESIS

1)Core business: ICD operation in Long Binh (Dong Nai province)

2)Business position:

- Ranked 1st in terms of warehouse/ICD exploiting area in the southern region (total exploiting area reaches 105ha, with warehouse area reaches 436k m2)
- Competitors: Sotrans, TBS, Transimex

3)Investment catalyst:

-As one of the listed companies with highest growth potential in the field of warehousing, which comes from: 1) A strong increase in demand for warehouse rental - to serve import-export activities and e-commerce business - especially in the southern region, 2) The company has been transferred from the parent company - Saigon Newport Corporation - 118ha of land to expand the warehouse system, with the target of 650k m2 warehouse area by 2025. (equivalent to 2021-2025 CAGR of 8.3%), 3) With convenient location (located near Cai Mep area - the port cluster with the highest growth rate in Vietnam - and large industrial parks in Dong Nai, Binh Duong provinces) and close relationship with the parent company, ILB can attract cargos for gathering, making customs procedures before being taken to ports in Cai Mep, 4) In 2021, Tan Cang Long Binh ICD expects to be officially announced as an inland port (specified in Decree No.38/2017/ND - CP), through which the company can accelerate land clearance, expand the warehouse area and providing a full range of services, from transshipment to customs clearance.

- In 2021, the company will put into operation a chemical warehouse (completed in the third quarter of 2020) and two new warehouses (expected total area of 45k m2), at the same time, ILB will also promote the business of attracting and transporting empty containers between Cai Mep port cluster and Tan Cang Long Binh ICD; through which we expect ILB's throughput volume to grow by 15%YoY

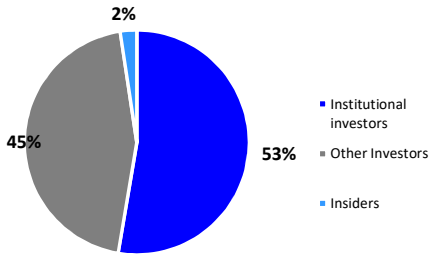
4)Risk:

- Legal risk: The company has significant revenue from the bonded warehouse, and this business is greatly influenced by the import-export policy and the Government's policy of controlling temporary import for re-export cargos and affecting the exploitation volume at bonded warehouses. In addition, changes in logistics infrastructure planning, both by the government as well as by Saigon Newport Corporation, also affect the progress of land allocation to build the company's warehouse.
- Competitive risks: The main competitors (Sotrans, TBS, Transimex) all have plans to expand warehouse/ICD area in neighboring areas, thereby putting pressure on prices and services among companies and affect the Utilization Rate of ILB 's warehouses

5) Outlook for 2021

We forecast the company's business results in 2021, with revenue of VND524 bn (+15% YoY), thanks to the throughput volume growth. The company's gross profit is VND183 bn (+16% YoY) and the parent company's after-tax profit is VND76 bn (+80% YoY), equivalent to EPS 2021 of VND2,653/share. With target P/E ratio of 11, ILB's target price is VND29,000/share (upside + 15%).

SHAREHOLDER STRUCTURE



FINANCIAL INFORMATION

	2017	2018	2019	2020	2021
Sales (bn VND)	**381**	**430**	**418**	**456**	**524**
OP (bn VND)	103	108	109	116	133
Operating profit margin	27.0	25.2	26.1	25.5	25.4
NP(1bn VND)	**59**	**65**	**60**	**64**	**76**
Net profit margin	15.5	15.1	14.4	14.0	14.5
BPS(VND)	16,102	15,713	16,174	16,681	17,356
PER(x)	#N/A N/A	#N/A N/A	8.0	12.9	9.6
PBR(x)	#N/A N/A	#N/A N/A	1.0	1.6	1.5
ROE(%)	#N/A N/A	15.7	13.2	12.8	15.8
EPS (VND)	2,678	2,676	2,097	2,098	2,635

(*) Database information provided by Bloomberg

[FLASHNOTE]

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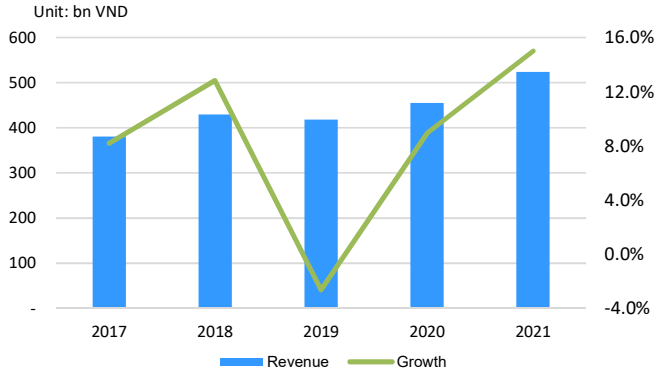
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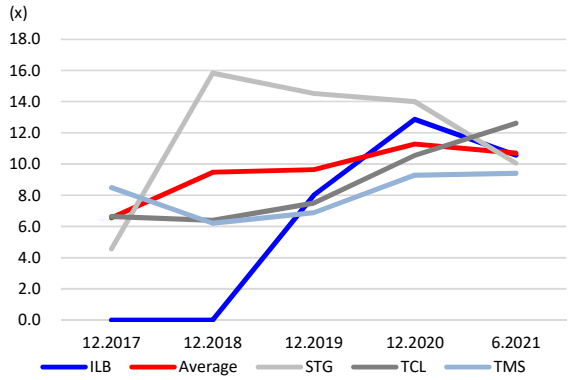
Recommendation History



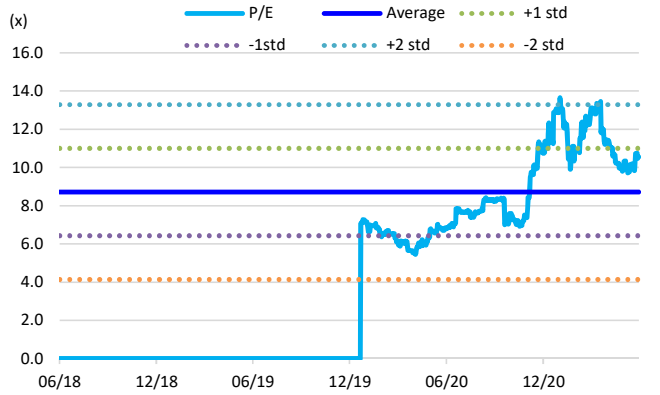
Investment points



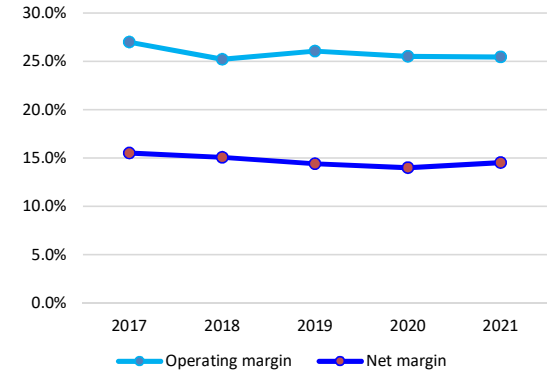
Relative valuation peers' PE



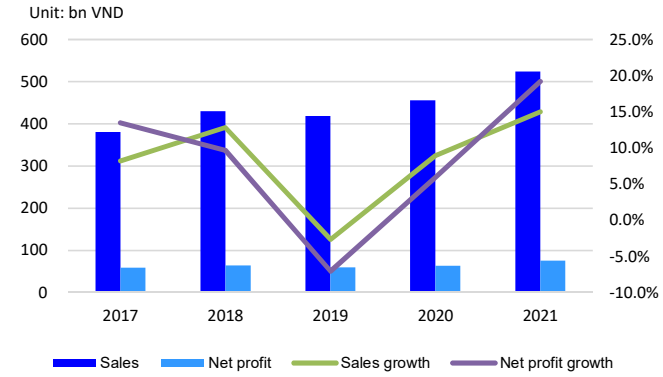
Average P/E 3 years of ILB



Operating and net margin over the years



Revenue - profit over the years



(*) Database information provided by Bloomberg



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